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NEWS SUMMARY

GENERAL

Fatah threat terror tactics

...ian guerrillas will ... a "scorched earth" ...n the Middle East if the ... David agreements are ...d, says Abu Ayad, deputy ...of the Fatah commando ...ent.

...so attacked statements by ...udi Foreign Minister, Saud al-Faisal, that the ...a summit starting in ...l today should not isolate ...

...Saudis clearly intend to ... moderating role at the ..., but the influence of the ... states rejecting Camp ...as increased considerably ...ult of last week's bilateral ...ent between Iraq and ... Page 5 and Back Page

...in claims ...tle action

... claimed yesterday that ...ops were fighting fiercely ... invading Tanzanian ... but observers believe ...claims are a smokescreen ...e serious unrest in the ...an army.

...Tanzanian Government ...scribed the Uganda Radio ...s as "absolute nonsense." ...the Nairobi Daily Nation ... that Ugandan mutineers ...shot 150 loyalist troops.

...oners released

...black detainees, including ... associates and members ... family of Mr. Steve Biko, ...lack consciousness leader, ...een released without trial ...uth Africa.

...lway progress

...Benguela railway linking ... with Zaire with the ...ic Ocean will be ready to ... on Saturday but admini...e details have to be worked ...fore services resume.

...weekly

...irst edition of Financial ... Business Weekly—the ...ial Times' business maga...or North America — was ...ed in New York yesterday. ...

...al complaint

...stice Mars-Jones, judge in ...Old Bailey secrets trial, ...ed "improper attempts" ...dividuals and organisations ...uence the outcome of the ...

...icy change

...e first time in more than ...ears of fisheries negotia... Britain is not insisting on ...ive fishing rights up to 12 ... from shore. Back Page

...nt row

...ternal row in the National ...ical Association is threat... production of Thursday's Express and may also lead ...ncated editions of the new Star. Page 9

...cide guards

...w York judge has ordered ...ound-the-clock watch on punk ... Sid Vicious, who cut his ... last week. He is accused ...abbing his girl friend to ...

...arf giraffe

... John Silver, London Zoo's ...nth-old giraffe, is to be ...d by a child specialist ...se he is not tall enough. John is a mere nine feet ...ut his sister Dawn, aged ...months, already comes up to ...rs.

...efly . . .

...n prisoners protesting at ...tions at Durham jail have ...d a hunger strike.

...st 300 people were arrested ...Brisbane — where street ...nes are banned — after a ...nstration against erosion of ... liberties.

...nd's Roman Catholic ...ps have rejected a pro... to allow women or married ...ts to officiate within the ...h.

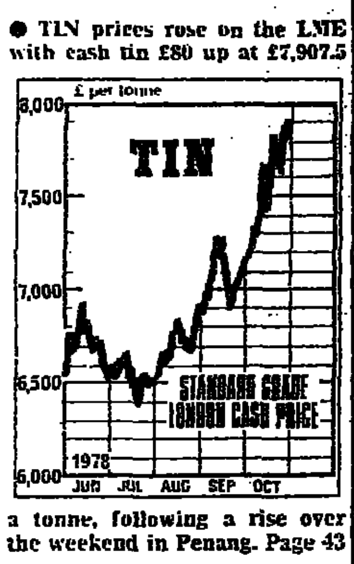
BUSINESS

Wall St. swings back in big trade

● WALL STREET closed 5.80 up at 811.85 in the third heaviest day's trading on record. The Dow Jones average swung from being 17 points down at 11 am on a rally by blue chip and glamour stocks.

● GOLD rose $10¾ to $245¼ in London and in New York the November Comex price rose to $245.00 (237.50).

● TIN prices rose on the LME with cash tin £80 up at £7,907.5



a tonne, following a rise over the weekend in Penang. Page 43

● EQUITIES were quiet in thin trading and the FT ordinary index closed 1.2 up at 484.4.

● GILTS were subdued and the Government Securities index gave up 0.03 to 69.34.

● STERLING rose 3.6c to $2.0990 and its trade ... index rose to 63.2 (62.9). The dollar's depreciation widened to a record 13.6 per cent (12.6).

● U.S. TREASURY bill rates were: threes 8.454 per cent (7.9) and sixes 8.982 per cent (8.612).

● VOTERS in Long Beach, California, will decide next week whether BP will be permitted to build a £250m oil terminal and east-west pipeline. The scheme could save Sohio, BP's U.S. subsidiary, £100m a year in transport costs. Back Page

LABOUR

● FORD MOTOR'S European operations may come to a halt unless Ford workers in Britain return to work soon, a Ford spokesman in Germany has warned. Page 2

● TRAIN DRIVERS' union pay claim has been rejected by an independent tribunal examining pay for British Rail workers. Instead the tribunal has proposed a special productivity payment for drivers of the High Speed Trains. Page 9

● NEB has refused to approve BL's £280m scheme to double Range Rover and Land-Rover production until Solihull workers agree to more flexible working. Back Page

● VAUXHALL MOTORS, already facing a strike by 8,000 manual workers at Ellesmere Port from tomorrow, has been given two-weeks' strike notice by 4,000 skilled workers, which could seriously affect production and component supply to other car companies. Back Page

COMPANIES

● LIFE INSURANCE OF GEORGIA has rejected a $300m cash merger offer made by Nationale Nederlanden, Holland's largest insurance company. The offer represents a premium of nearly 100 per cent over the $26 at which Life of Georgia's shares have recently been trading. Page 37.

● VICKERS intends to sell its 72 per cent holding in Canadian Vickers to executives of the company in a C$19.5m (£8m) deal. Back Page

● BMK, the carpet group, reports a net deficit of £486,415 for the year to June 30 against a £173,063 profit last time. Page 33

● UAL, the parent company of United Airlines, the largest U.S. airline, reports third quarter profits of $170.6m, which were double last year's figure and higher than any airline's previous full-year figure. Page 37

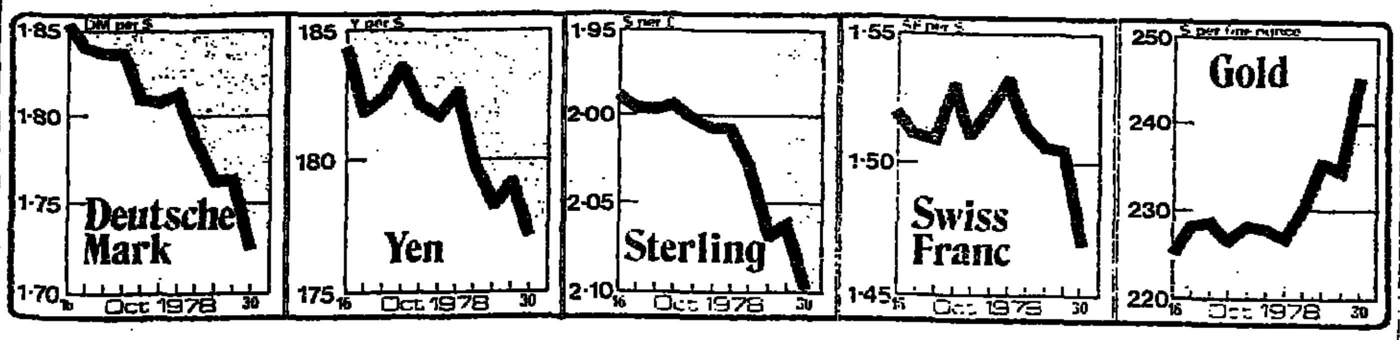
...IEF PRICE CHANGES YESTERDAY

(...es in pence unless otherwise indicated)

RISES		
...ets	171	+ 7
...att Devs.	108	+ 4
... (H.)	108xd	+ 8½
...on A	179	+ 7
...ers	110	+ 5
...shawe	55	+ 5
...ker Siddeley	236	+ 8
...lin (R. P.)	59	+ 6
...t	104½	+ 6½
...e Wales Hotels	98	+ 8
...o	45	+ 3
...ers	189	+ 5
...ans (UK)	286	+ 8
...rie	357	+ 11
... Gold Fields	185	+ 5
West Drie.	£22¾	+ ½
Winkelhaak	549	+ 19

FALLS		
Bank of NSW	535	− 40
Dawson Intnl.	186	− 6½
Decca A	418	− 22
Haggas (J.)	171	− 6½
CRA	240	− 10
Cent. Pacific Minerals	375	− 45
North Broken Hill	101	− 6
Northern Mining	83	− 7
Oakbridge	122	− 8
Pancontinental	825	− 75
Western Mining	123	− 7
Western Queen	15	− 3
Union Crp.	276	− 6

HOW U.S. CURRENCY FELL IN TWO WEEKS



Dollar slides again as gold hits peak

BY MICHAEL BLANDEN

The exchange market crisis deepened yesterday as the dollar slumped further against all leading currencies and the gold price jumped by $10¾ an ounce to a new peak.

The pound closed in New York at $2.1045—its highest level since September, 1975—with market conditions earlier in London described as chaotic.

At the same time, the Wall Street depression worsened in early trading amid fears that the weakness of the dollar would bring further increases in interest rates. In a wave of selling, the Dow Jones industrial average dropped by 17 points to 788.89 in the first hour of trading although later it rallied to close 5.8 up at 811.85.

The heavy selling pressure on the dollar was renewed in overnight trading in the Far East, where the Japanese yen gained further to a new post-war peak, and continued upwards in European markets.

Central banks in Europe were reported to have intervened in support of the dollar during the day, with the West German Bundesbank, for example, buying $30m at the Frankfurt fixing. Later the Federal Reserve was believed to have operated in early New York dealings there.

The scale of support, however, was modest and far from sufficient to stem the strong downward pressure on the U.S. currency. The dollar had enjoyed a brief respite towards the end of last week after some unexpectedly good U.S. trade figures were published.

By Friday, the temporary recovery was over, and yesterday the lack of confidence in the dollar was re-asserted.

The foreign exchange markets have failed to respond to last week's anti-inflation statement by President Carter and remain unconvinced by the policies of the U.S. Administration.

Dealers said yesterday that the pressure on the dollar was increased by remarks from Mr. Michael Blumenthal, the U.S. Treasury Secretary, who said that the Carter anti-inflation plan would take a long time to work—and by denials that the U.S. would borrow from the International Monetary Fund. Fears of another rise in the oil price were also quoted as unsettling the market.

The decline in the dollar was reflected in its trade weighted average depreciation as calculated by Morgan Guaranty at noon in New York. This widened to a record 13.6 per cent, compared with 12.6 per cent on Friday.

The nervousness in the exchange market also showed in strong demand for gold. The gold price closed in London at $245¼ an ounce, compared with $234½ on Friday. It was the biggest one-day rise for many years.

The U.S. currency ended slightly above its worst levels in European trading. Against the Deutsche Mark it dropped to DM 1.72 before coming up to end at DM 1.7232½ compared with DM 1.76 on Friday. The fall extended in New York to DM 1.7155.

The dollar fell against the Swiss franc to end in London at SwFr1.4650, against SwFr 1.5045

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Britain repays $1bn

By Peter Riddell, Economics Correspondent

THE BRITISH Government yesterday repaid—well before the due dates—a further $1bn to the International Monetary Fund.

The move, which had been expected this week, was formally confirmed by the Treasury last night. This follows the pre-payment of $1bn earlier this year and means that the UK has now repaid about two-fifths of its outstanding borrowings from the Fund.

The repayment will be reflected in the October reserve figures, due to be announced on Thursday—though the impact will have been partly offset by the receipt of the remaining $350m on the Electricity Council's syndicated bank loan.

In addition, there have also been some underlying inflows of foreign currency associated with the switch from the dollar to sterling. But the increase may turn out to be smaller than the market has been assuming because much of the demand has been reflected in an exchange rate rise.

The latest move takes the total amount prepaid before the due dates by the Government and the rest of the UK public sector so far this year to about $3.5bn, while $1bn of debt has matured in 1978. This has been partly offset by new borrowings of about $1.5bn with maturity dates in the late 1980s.

This is part of the policy of spreading the hump of official debt repayment away from the peak years of the early 1980s. The amount due between 1979 and 1984 has been reduced so far this year by about a fifth to $16bn.

The intention to make a further repayment was announced by Mr. Denis Healey, the Chancellor, in his April Budget speech.

The repayment was made in currencies including Special Drawing Rights, the Fund's own currency unit, and it came out of the gold tranche and a small part of the standby facility of January 1977.

Iran's oil exports hit by strikes

BY ANDREW WHITLEY — TEHRAN, Oct. 30.

STRIKES by key workers in the Iranian oil and gas industries have completely halted the export of natural gas to the Soviet Union and have severely cut back the flow of crude oil to the West and Japan. The latest action poses by far the most serious challenge to the Government since the present, unprecedented wave of industrial action began last month.

The oil industry says the combined effect of actions at the Kharg Island tanker terminal and in most of the major oilfields in Khuzestan province has reduced exports by between 40 per cent and 50 per cent over the past ten days or so.

Wildcat strikes in the oilfields and production facilities have taken place on and off for the past five weeks, without much effect on output until now.

Showdown

The latest action by thousands of labourers and staff employees of the National Iranian Oil Company, the Oil Services Company of Iran, and OSCO—the local arm of the BP-led western consortium handling much of Iran's oil—looks likely to provoke a showdown with the Government, and possibly a crisis in Iran's relations with the foreign oil companies.

Exports by the consortium are believed to have dropped to 2m barrels yesterday, compared to an average of 3.15m barrels a day over the past few months.

High on the strikers' list of demands is the replacement of all foreign workers in the oil industry. OSCO employs about 570 expatriate staff, and there are considerable numbers of other foreigners working in the Khuzestan region.

Calls have been made for the expulsion of the consortium from Iran, as well as internal political demands such as the ending of martial law and the release of all political prisoners. OSCO's mainly British and American staff in Ahwaz, the regional headquarters of the oil industry, are known to have received anonymous death threats by letter if they did not leave the country.

The resumption of a damaging strike at the Abadan oil refinery, the country's main exporter of oil products, must also cause the Government concern. The NIOC said today the four-day strike was affecting 12 per cent of the refinery's staff employees and 40 per cent of the labourers. He denied the production or export of refined or crude oil was being hit by the strikes.

Mr. Mohammad Reza Ameli-Tehrani, the Minister of Information, said yesterday that any drop in output had been caused by "NIOC's relations with the consortium."

Strikers' representatives are reported in this afternoon's Persian language press as claiming that output at Abadan has been reduced from the normal level of over 600,000 b/d to 200,000 b/d. If this is so, the losses to Iran in export revenues could be as much as £5m a day.

Eight days ago the refinery men agreed to return to work following the personal intervention of Mr. Houshang Ansari, NIOC's chairman. He is understood to have agreed to most of the financial demands, but to have said he was not empowered to meet the political ones. The strike resumed a few days later, with the political aspects reportedly more to the fore.

Mr. Ansari has therefore been plunged once again into constant talks aimed at ending the strikes, now spreading into administrative departments in Ahwaz and Tehran.

It was announced in Tehran today that gas supplies to the Soviet Union along the Igat-1 pipeline have stopped since last Thursday as a result of the strike. In an average year Iran exports 9.3bn cu metres of gas, worth £135m at today's prices, along the pipeline.

Other important economic organisations also crippled by strike action at present are the National Petrochemical Company's Shahpour complex — a major producer of sulphur and solid fertilisers—and the State-owned Bank Melli, the country's largest bank chain and the government's payments and receipts agency. Bank Melli's second strike this month began last Saturday, following claims that the management had broken promises to increase wages and other benefits.

In the oilfields themselves, the trouble appears to be spreading rapidly. Three major fields, Gachsaran, Agha Jari and Ahwaz, are known to be already affected. Oil industry sources confirm that production has suffered because the Iranian staff employees have now joined the earlier action taken by daily-paid labourers. The Osco management and expatriate staff are understood to be attempting to maintain output as far as possible, but this could not be confirmed tonight.

The reported reduction in Iran's normal exports of 5.8m b/d of crude oil is believed to be mainly the result of action taken by tanker loaders and tanker pilots and tug men based on Kharg Island.

Ministers resign, Page 5

£ in New York

—	Oct. 30	Previous
Spot	$2.1040-1050	$2.0940-0950
1 month	0.15-0.07 dis	0.28-0.20 dis
3 months	0.45-0.34 dis	0.70-0.62 dis
12 months	2.05-2.45 dis	3.50-3.00 dis

Healey pessimistic on pay pact with TUC

BY PAULINE CLARK AND NICK GARNETT

MR. DENIS HEALEY, Chancellor of the Exchequer, yesterday all but dismissed prospects of the Government and the TUC reaching an agreement on pay in time for the Queen's Speech tomorrow.

This was the first direct admission from the Government that union leaders and ministers are making little headway in their search for agreement on an anti-inflation policy. It is likely to compound the difficulties confronting employers, particularly in the public sector, faced with pay demands well in excess of the 5 per cent limit.

These include local authority employers who were formally presented yesterday with a 40 per cent claim by union negotiators for 1.1m manual council workers.

On the eve of resumed talks tonight between TUC leaders and ministers, Mr. Healey said, after a TUC and Labour Party liaison committee meeting, that there was little likelihood of a statement being made on the progress of discussions in the near future.

There would be further meetings between the Government and unions on wages, but there would be no formal timetable.

In the face of determined union opposition to the 5 per cent guidelines and any Government imposition of a ceiling on wage increases this year, the Government has asked the TUC to produce alternative proposals for keeping a tight control on inflation.

In the private sector, negotiations resume at Ford today following the company's improved offer, made on Friday, of 12¼ per cent, including 4¼ per cent attendance payments.

Union negotiators say the size of the offer has not been rejected, but the way it is framed is unacceptable. They are looking for further rises on basic rates, above the 8 per cent already offered by the company, and are dissatisfied with the strings attached to the attendance payments plan which the unions say are "penalty clauses."

The attendance payments have been designed to cut absenteeism, unofficial disputes and lateness, which cost the company 4m man-hours last year.

Pay talks for 3,000 manual workers at British Oxygen's gases division resume tomorrow and the unions are hoping to receive a new offer of at least double the guidelines.

The company has already offered about 8 per cent and has warned the unions that it will not go beyond what it offers tomorrow.

About 13,000 manual workers in the glass container manufacturing industry have rejected a recommendation to accept on

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Chairman of International goes

BY COLEEN TOOMEY

MR. LAURENCE HILL, chairman of International Stores, the BAT subsidiary, is leaving the group after recent differences of opinion over future policy.

A statement by BAT last night said: "The global retailing task for which he joined the group in 1973 has not fully materialised and this, together with some recent differences over matters of future policy, has caused him to offer his resignation."

International was bought for £68.5m by BAT in 1972 and has steadily expanded its food interests. In 1973 it made a rescue bid for Pricerite for £9m. Last year it paid £21m for the profitable F. J. Wallis group.

Mr. Hill began his business career with Marks and Spencer before moving to United Drapery Stores where he became chairman. He was taken on to manage the 684 stores in the International chain and to take charge of BAT's overseas retailing interests.

International has been losing ground in the price war in the wake of Tesco's aggressive price-cutting campaign. In August last year an AGB research survey showed that Tesco's share of the £1bn-a-year grocery market had risen from 10.8 per cent to 11.8 per cent in the month after it gave up Green Shield stamps.

By contrast, International, which expanded its stamp trading substantially just as Tesco was giving up, slipped from 3 per cent to 2.9 per cent in that month.

International finally gave up Green Shield stamps in most of its stores in August this year.

A month later International retaliated in the supermarket price war by putting £5m behind price cuts.

BAT said it regretted Mr. Hill's departure but such a step had become necessary. From December 1 Mr. Pascal Ricketts would take over as International Stores chairman.

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For latest Share Index 'phone 01-246 8026

EUROPEAN NEWS

British strike threat to European production of Ford

BONN, Oct. 30.

THE FORD Motor Corporation's European operations may come to a halt unless workers in Britain return to work soon, a spokesman for Ford's West German division in Cologne, said today.

"Ford at Genk in Belgium has already stopped production of Transit vans because the five-week-old British Ford workers' strike has disrupted supply of urgently needed parts," said Herr Alexander Demuth.

Production of the Taunus saloon car in Genk will stop on November 11 unless the British strike ends, he said.

West German Ford plants in Cologne and Saarlouis are also *threatened* with having to cut back operations drastically. Herr Demuth said 6,000 of the 8,000 workers in Sarlouis will have to be layed off by November 6, halting production there of the Fiesta and the British-designed *Escort*.

If the strike continues for another week, he said, 10,000-*12,000 of Ford's 34,000 workers in* Cologne will have to down tools, and production of the Granada and Capri sports coupe, will come to a halt.

He said the Cologne plant had learned from earlier experiences and already stocked a six-weeks' *supply of parts* and accessories not produced there. "At the time of the Stuttgart metal-workers strike (in April) we held only a two weeks' supply."

Meanwhile in Madrid, a spokesman for Ford's Spanish subsidiary *said* it will run out of components on November 10 and be unable to produce finished cars unless the strike *ends in* Britain.

Spanish Ford produces 1,140 cars and 1,450 engines a day at the Valencia factory and is Spain's biggest export earner.
Agencies

Kenneth Gooding adds: There are to be more talks on Tuesday about the Ford dispute which is *in its sixth week.*

Dockworkers sympathetic to the Ford employees' attempts to shatter the UK *Government's* pay guidelines have effectively prevented the import or export of any Ford products for most of that time.

Dealers' stocks in Britain have nearly dried up—Ford should *have 50,000 cars in showrooms* and in dealers' stockpiles—and supplies of components are also running out. For a week now there have been problems for any Ford car owner needing a major component not normally stocked in large quantities.

Lambsdorff aide to join Dortmund steel company

BY ADRIAN DICKS

BONN, Oct. 30.

HERR DETLEV ROHWEDDER, State *Secretary at the West* German Economics Ministry in charge of energy, trade and industrial affairs, announced today that heis resigning his post to become deputy executive *chairmain of Hoesch, the Dort*mund steel company.

According to West German Press reports today, he is expected to take over the chairmanship of the German-Dutch Hoesch-Estel group in 1980.

Herr Rohwedder's decision comes just over a year after the former Minister of Economics, Herr Hans Friderichs, created a sensation by his unexpected departure to become chairman of Dresdner Bank.

News of Herr Rohwedder's resignation after nine years came as a surpirse to officials in the Ministry today. Count Otto Lambsdorf, the present Minister, said he had accepted Herr Rohwedder's resignation "with *regret*."

Since both Count Lambsdorff and Herr Martin Gruener, the *Parliamentary State Secretary*, are members of the Free Democratic party, Minority partners in the Bonn coalition government, the appointive post which Herr Rohwedder is now leaving is the highest Social Democratic-held position in the key Economics Ministry, Dr. Otto Schlecht, the third State Secretary, has no party affiliation.

There will be keen interest in whether Chancellor Helmut Schmidt appoints a successor from within the ranks of the SPD, or whether instead he picks someone else from the private sector. Herr Rohwedder was a partner in a Duesseldorf accounting firm when he was chosen as State Secretary by Professor Karl Schiller, Now 46, he was at the time the youngest State Secretary ever appointed.

Communist unions challenged in Portugal

By Jimmy Burns

LISBON, Oct. 30.

THE FORMATION of a new trade union organisation *backed by influential sectors of* the Socialist and Social Democrat parties is being widely-interpreted as the first serious challenge to Communist domination of the Portuguese labour movement.

The General Union of Workers (UGT) has been founded round a core of 49 *unions* and three *worker* federations which between them represent an estimated 450,000 workers. Speaking in Lisbon at the founding of the UGT, Sr. Jose-Manuel Torres Couto, a leading Socialist labour leader, described the event as "the consecration of a truly democratic trade union *movement representing the in*terests of the workers and not of particular political parties."

Although the UGT has been inspired mainly by the Socialist Party, it has managed to gather the support of existing unions dominated by the Social Democrat Party (PSD), notably the powerful blue-collar Office Workers' Union.

Although leaders of the bank workers and teachers unions, *which are also controlled* by the PSD, did not attend the launching of the UGT, both are reported to have given their tacit support.

Talks have been continuing since the start of the year between the Socialists and the Social Democrats on forming an alternative to the Communist-dominated General Workers Confederation (Intersyndical) which claims to *represent more than 80 per* cent of Portuguese labour.

The two parties appear to *have bridged their differences* over who should lead the new movement, recognising that a *broad alliance* of "*democratic forces*" would have more chance of penetrating Communist influence than a union grouping too closely identified with one particular party.

The formation of the UGT has coincided with a new wave of industrial unrest, provoked by a breakdown in wage negotiations and by rising prices. The cost of industrial fuel and petrol increased by 22 per cent last week.

Following a half-day strike on Friday by more than 200,000 members of the Federation of Metalworkers Unions, railway and construction workers have *threatened* similar action for next month.

UK and Russia clash on Press freedom

BY ROBERT MAUTHNER

PARIS, Oct. 30.

BRITAIN AND the Soviet Union today adopted sharply opposed positions on the controversial draft declaration of the mass media role in strengthening peace and combatting war propaganda and racialism, on which *the UNESCO general conference* will be asked to vote next month.

Although the draft has been revised since it was shelved after a stormy debate at the last general conference in Nairobi two years ago, it is still strongly contested by Western Governments, who see it as a threat to Press freedom.

Mrs. Judith Hart, Britain's Minister for Overseas Development, told the conference today that the British Government could not support certain aspects of the draft declaration.

"It asks some of us for an assertion of principles which we cannot accept and powers which *are not in our gift and which we* do not seek," she said.

One of the most controversial articles of the draft is the one stating that "it is the duty of states to facilitate the application of the present declaration and to ensure that the mass media coming directly under their jurisdiction act in conformity therewith."

Most Western Governments consider this would open the door to state control of the media.

The document also raises the important question of prinicple whether the media's task should be merely to inform its consumers, *with the selection* of news firmly in the hands of its owners and editors, or whether it should be required to adopt a wider political, social and educational role.

Mrs. Hart said the answer to the problems *raised* by the draft did not lie in international regulation, but in improving the educational level of the developing countries, and the finances and technological standards of their local media.

UNESCO and the industrialised countries, she said, should step up their aid for educational and literacy campaigns in developing countries, maker a bigger contribution *to* research and professional advice to the local media, and provide practical and financial help in building up their own communications systems.

Mrs. Hart's speech followed a sharp attack by Mr. Igor Zemskov, *Soviet Deputy Foreign* Minister, on the Western Press which, he claimed, had been guilty of "crude and unjustified misinterpretation" in its articles on the draft declaration.

The declaration would help protect Asian, African and Latin American countries against what he described as "*information* imperialism." The media that was attracting the draft flourished on spreading war propaganda, news of violence, racism and pornography, he said.

Figures published in the U.S., he claimed, showed that, *in one* leading capitalist country, there were 300 pornographic magazines and that 300,000 children had been persuaded to take part in pornographic films. This was called freedom of information in some countries, he said.

Italian Government faces crisis over incomes policy

BY PAUL BETTS

ROME, Oct. 30.

THERE IS talk of another Italian Government crisis following the decision of Sig. Giulio *Andreotti, the Prime Minister,* to have an immediate show-down with the trade unions over his Government's efforts to introduce some sort of incomes policy.

On the surface at least, the *latest threat to Italy's fragile* political stability stems from what appears to be another of *those labour disputes that crop* up in a number of Italian public and private sectors. However, *the difference* this time is that it involves hospital workers, whose protracted strike has virtually paralysed all services in Italy's main public hospitals, causing a public outcry and forcing the authorities in some cases to send in troops to keep essential hospital services going.

The hospital workers, many belonging to the so-called "autonomous" non-aligned unions, are asking for a revision *of their national labour contract* to bring their basic wages to the higher level of other public and *industrial sectors*. Although a compromise appeared to have been reached last week involving *a subsidy for special training* courses to increase the professional standards of hospital workers, the Government had second thoughts and decided to oppose any direct or indirect wage increases.

Over the weekend, after the breakdown of talks between the Government and union representatives, Sir. Giulio Andreotti took the issue to Parliament. While the unions announced a series of stoppages, including a 24-hour strike in all public hospitals today, the Prime Minister is expected to open a crucial Parliamentary debate tomorrow which will be something of a confidence test for the Government and a review *of the nine-month-old govern*ing coalition pact. Unlike last week's Parliamentary debate on the Moro affair and terrorism, Sig. Andreotti has not held a comprehensive round of consultations this time with the other political forces. He has acted tempestuously, and clearly if the Parliamentary vote goes against *him the prospects for his* Government are dim.

The minority Christian Demo*crat government, whose survival* depends on the direct support of the Communists, the Socialists and the smaller Republican and Social Democrat parties, has indicated that surrendering to the hospital workers was tantamount to losing its credibility. A compromise, so its reasoning goes, would jeopardise its three-*year (1979-81) economic* recovery plan aimed at bringing Italy more in line with the other EEC countries.

The key aspect of this medium-term programme is a reduction of the public sector borrowing requirement to release funds for a sustained process of accumulation, coupled with contained labour costs to maintain the competitivity of Italian exports. Giving in to the hospital workers, the Government claims, would set a precedent endangering other imminent *labour negotiations involving* nearly 10m workers in the public and private sectors.

The Government's stand on the hospital dispute is a calculated gamble on the part of the Prime Minister. The main political parties, including the Communists, have stated that a Government crisis at this moment would be disruptive and would solve nothing.

By his intransigent attitude with the hospital workers, the Prime Minister appears to be seeking to establish the Government's *determination* to keep down wages. In this sense, the *current* dispute has clearly become a test case not only in Government-labour relations but also in the Government's relations with the parties now supporting it in Parliament.

Although none of the political forces seem intent in precipitating a Government crisis, the basic risk of Sig. Andreotti's *gamble is the so far unpredict*able reaction of the trade unions to the Government's hard line.

Italy's provisional index of wholesale prices rose by 1 per cent in September to 128.6. This was 8.3 per cent up from the same month in 1977, the Government Statistics Institute reported yesterday. The index (base 1976), is not seasonally-adjusted. *The month-to-month* gain of 1 per cent in September compares with an increase of *0.6 per cent in August*, and similar increases of 0.5 per cent in both July and June. However, inflation normally accelerates in Italy following the summer holiday season.

In turn, this could seriously compromise the position of the Communist Party, now effectively a party of government. The uncertainty of the communists was reflected in Sig. Berlinguer's weekend speech when he warned the Government that a deterioration of the present situation could only be blamed on obscure manoeuvres within his *ruling* Christian Democrat party.

The danger of the present situation is that the apparent willingness of the leaders of Italy's three main labour confederations to adopt a more moderate approach to wages, reflecting in a sense the presence of the Communist Party in the governing majority, now risks being undermined. In this respect, the hospital workers' dispute could become the thin end of the wedge and the spark of widespread labour unrest in the country.

The union leadership's decision to promote a more moderate policy was essentially regarded as a trade-off for new job-creat*ing investments*, especially *in* the depressed south, at a time when the country's general economic outlook was clearly improving. Balance of payments surplus this year of some $5bn is envisaged. But even before the hospital workers' strike, the union leadership was coming under pressure from its own rank and file which was reluctant to accept the sacrifices advocated by its leaders.

The leadership now finds itself in a contradictory position. First it is accepting in principle *the political and economic* proposals for setting the basis for a serious medium-term recovery *programme*. But also at the same time it is pacifying an increasingly disgruntled base apparently concerned above all with the individual interests of paid-up members. The question is how far the leadership is now prepared to go against its own rank and file, and indeed how far the Communist Party leadership is prepared to go against its own increasingly unhappy membership.

There is a further and perhaps more serious threat represented by the so-called "autonomi" or unaligned extremist unions whose main aim is to secure wage increases for their own members, and which have recently increasingly challenged the influence and power of the three main labour confederations. Their strength has been amply demonstrated during the last months *following a series of* strikes which have caused havoc in ferry boat services to Sicily and Sardinia, in the railways and air transport, and now in the hospitals.

Although they may have turned public opinion against them by their repeated and aggressive *labour agitations, they* nonetheless appear to be steadily gaining strength. Indeed, as one is *frequently reminded* here, they could hold at present no better hostages than hospital patients. Their initiatives are also causing concern because they could erode the dialogue which has been gradually building up between the Government and the main union leadership, as these labour leaders see their own position threatened by their base and the "autonomi." Again there is a dangerous parallel *here with the current position of* the Communist Party, which is coming under pressure from *extremist elements on its left* and whose own discontented base might disrupt the dialogue *between the party and the ruling* Christian Democrats.

The next 48 hours are clearly crucial for Sig. Andreotti's minority government. The debate in Parliament is likely to reflect the general mood of the main political forces to avert the threat of a government crisis. However, a head-on clash between the Government and the unions is equally likely to generate another "hot autumn," which in turn will have obvious impact on the present coalition formula. For their part the unions have already announced an abundant programme of threatened strikes in most sectors including a national stoppage on November 16.

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EUROPEAN NEWS

Farmers o fight rish tax roposals

· Stewart Dalby

DUBLIN, Oct. 30.

IH FARMERS are planning ght a suggestion by Mr. Jack h, the Prime Minister, that should pay more tax.

ne Joint Farmers' Com-ee on taxation, which com-s both farmers and tax untants, has been asked by of its parent bodies, the Farmers' Association (IFA) raw up a militant plan to t any restructuring of the tax system.

t the moment, only an esti-ed 22,000 of the country's 000 farmers pay income-tax, ugh a form of self-imposed 'E. Most of the remainder ually pay tax under a ent of a multiplier applied to rateable values of land, h are historic and can be ally meaningless at present values.

is means the system is open widespread abuse. It is nated that of the £630m the ernment expects in direct tion receipts in the current , only £17m will come from me-tax from farmers, who at the lower end of the per-l taxation scale.

Bonn industrial nvestment o grow 5-6%'

MUNICH, Oct. 30.

ST GERMAN industrial plant stment is likely to grow by al 5 to 6 per cent in 1979 r a 7 per cent gain this year, IFO economic research itute said.

a survey of industry's 1978-investment intentions, IFO this year's expected rise is percentage points higher anticipated in the spring.

nly the raw material and pro-tion goods sector is likely to st more strongly in 1979, a projected rise of almost r cent in nominal terms after se of around 4 per cent this r. This would be the clearest ival in this sector for eight rs.

he investment goods industry uld show a nominal growth of 12 per cent next year r 18 per cent in 1978, while consumer goods industry is ly to have investment growth a nominal 5 per cent after er cent.

ominal investment growth in nufacturing industry as a ole should be 9 per cent next r against 11 per cent in 1978.

uter

W. Germans maintain pressure for speedy EMS implementation

BY ADRIAN DICKS

BONN, Oct, 30,

HERR HELMUT SCHMIDT, the West German Chancellor, is to meet Sig. Giulio Andreotti, the Italian Prime Minister, and M. Valery Giscard d'Estaing, the French President, this week as part of his drive to ensure that the proposed European monetary system (EMS) comes into effect next January.

In his separate talks with Sig. Andreotti in Siena on Wednesday, and with President Giscard in Paris on Thursday, Herr Schmidt is expected to press hard for agreement that the European Council should give the green light for the EMS at its next meeting in Brusels on December 4-5.

In recent weeks, the Chancellor has repeatedly emphasised his belief that this step can be taken, and that the system can begin to operate on January 1. He has shown no sign of dismay at several expressions of scepticism from domestic German critics, among them the advisory council to the Economics Minister and the joint working party of the leading economic institutes.

Most recently, Dr. Otmar Emminger, the president of the Bundesbank, suggested that he believed the best way to bring weaker currency countries into line was not to get them to join formally a system whose disciplines they would probably not be able to maintain, but to bring them more gradually alongside.

Despite the reluctance of the British Government to commit itself to the EMS, Herr Schmidt is reported here still to be hopeful that all nine members of the Community will be able to pledge their support.

The Chancellor has made no secret of his view that in the British case, this would necessitate basic commitments towards German-style domestic economic goals of stability and low inflation—a course of action he publicly congratulated Mr. James Callaghan on two weeks ago in Bonn.

Reuter adds from Bonn: West German Opposition leader Herr Helmut Kohl expressed concern today about plans to create a European Monetary System (EMS) and the risks of inflation he said it would bring to this country.

Herr Kohl, chairman of the Christian Democratic Union (CDU), said the technical details of the scheme worked out by Chancellor Helmut Schmidt and the French Government were growing less and less clear.

"The Chancellor must tell the public where the journey is heading and what inflationary burdens they will have to carry," Herr Kohl said in a statement released by his Party.

Apart from forcing up West German inflation to the average European level, it is clear from the current EMS talks that West Germany will have to carry all or much of the burden of currency stabilisation, the Party leader said.

Turkey ponders new plan to repay overdue debts

BY METIN MUNIR

ANKARA, Oct. 30.

THE TURKISH Finance Ministry is considering proposing a scheme to clear overdue debts totalling about $1bn to foreign suppliers not covered by export guarantee agencies, officials told the Financial Times today.

Under the plan foreign companies could either turn their debts into equity in the Turkish debtor companies, or use their Turkish lira equivalents as funds for making investments in Turkey under the encouragement of Foreign Capital Act.

The officials said the scheme is in a "very raw form" and would not be put forward until the completion of the programme for restructuring $3bn debts to foreign banks, hopefully in mid-November.

Earlier this year, another restructuring agreement was reached with the Organisation for Economic Co-operation and Development (OECD) for $1.46bn of Turkish debts to suppliers covered by export guarantee agencies.

The Finance Ministry's biggest remaining headache is the $1bn worth of overdue debts to uncovered suppliers. Turkey has asked the OECD for a lump sum to pay it off and will receive a reply (likely to be negative) next month when the OECD consortium on aid to Turkey meets in Paris.

Basque party to abstain on referendum

By Our Own Correspondent

MADRID, Oct. 30.

THE MAIN Basque nationalist party represented in Parliament, the Partido Nacionalista Vasco (PNV), has decided to promote an abstention campaign at the forthcoming referendum on the Spanish constitution. The decision, taken at a special PNV meeting over the weekend, was made just before the referendum was officially confirmed for December 6.

The move follows the relative success of Saturday's demonstration in Bilbao, called by the PNV in protest at the escalation of violence in the Basque region. A main aim of the march was to show that for a significant section of nationalist opinion, opposition to the new constitution—which allows for only limited regional devolution—did not mean support for the terrorist campaign of the radical nationalist guerrilla organisation, ETA.

Sr. Carlos Garaicoetxea, the president of the PNV, stressed that opposition to the present form of the constitution did not mean that his party would not continue to work within the constitutional framework for a more ample autonomy for the Basques.

The PNV is thus for a second time putting its future as a significant force in Basque politics to the test. It had had great difficulty in persuading its followers to turn out on Saturday's march, and yesterday's decision, though unexpected, is in one sense a compensatory sop to its restless rank and file. However, if, in spite of what the PNV intends will be a vigorous campaign for abstention, the constitution wins a majority in the Basque country, its influence there could be permanently dented.

The other danger arising out of last night's decision is that the PNV campaign will coincide with what is believed will be an all-out offensive by ETA. ETA has shot dead nine policemen in the Basque region in the past three weeks, and today claimed responsibility for a previously unexplained killing yesterday near San Sebastian.

Meanwhile, in Madrid, a bomb exploded this morning in the mail sorting department of the respected liberal daily "El Pais." The package which contained the explosive was addressed to the paper's editor, Sr. Juan Luis Cebrian. Three people were injured, one of them seriously. The terrorist organisation GRAPO has claimed responsibility

THE SPANISH PRESS

Fight for circulation and survival

BY DAVID GARDNER IN MADRID

The Spanish Press, like the country itself, is in a period of transition. At a time when many established newspapers are facing difficulties, a new product has been launched which will be Spain's nearest equivalent to a British popular daily.

A NEW Spanish newspaper has just been launched in what at first sight is not the most propitious moment to attack a saturated and shrinking market.

The paper—which has chosen the ambitious masthead of El Periodico, or simply "The Newspaper"—appears under the aegis of the one unquestionably successful newspaper publisher to have arisen in Spain during the Press boom of the past four years, the Barcelona-based Ediciones Zeta group. But it is being lanched during a full-blooded crisis in the Spanish press which many newspapers and magazines are unlikely to survive intact.

The present plight of the Spanish press is symbolised by the weekly magazine Cuadernos para el Dialogo, which has shut down after a distinguished history of 15 years. Christian Democratic in inspiration, Cuadernos served as an umbrella for democratic opinion during the last period of the Franco dictatorship. More than a quarter of the present Members of Parliament participated in this unique forum, either as shareholders or contributors.

In the three years since Franco's death, it has remained the most open and independent Spanish publication, but its circulation has steadily dropped. With liabilities of over Ptas. 100m, its recent appeal for an urgent capital injection has met with widespread sympathy but little financial support.

Cuardernos is not alone in its predicament. The depth of the present crisis is shown by the plight of the liberal press which developed in Franco's closing years and during the period of democratic transition.

Circulation figures are jealously guarded secrets here, but the respected national daily El Pais, for example, is reliably reported to have lost around a third of its Madrid circulation since the summer. The Cambio 16/Diario 16 tandem, the weekly news magazine and Madrid daily most closely associated with the transition, have also seen their readership drop sharply.

The independence of the Cambio group is now under severe test following a capital injection three months ago promoted by the governing party, the Union of the Democratic Centre (UCD).

Aside from owning roughly a third of the group's equity, the UCD also owns two of the other bright hopes of the transition: the weekly Opinion, originally conceived as a right-of-centre competitor to Cambio 16, and the business weekly Actualidad Economica.

The Spanish Press has not always sold so little. At the outbreak of the civil war, Madrid supported 18 dailies and Barcelona 16, several of which sold more than today's most widely circulated newspaper, La Vanguardia of Barcelona, which sells around 250,000 copies.

But the Franco regime's mass expropriation of Opposition newspapers, and its use of the media for crude propaganda purposes, has created a deep-grained scepticism among Spanish readers. The result is that with a population slightly over half that of Britain's, Spain buys little more than 2m newspapers a day.

The exception which confirms the rule is the Ediciones Zeta group, founded 2½ years ago by a young Barcelona photographer, Sr. Antonio Asensio. The group has been built around the magazine Interviu, launched six months after Franco's death, and which with an average circulation of 940,000, is by a long way Spain's most successful weekly.

It appeared at just the right time, with a saleable way of packaging two commodities which were at a premium—politics and sex. An average issue contains a provocative interview with *the* person in the news, a couple of specimens of "campaigning journalism," a series of spectacular and/or morbid photographs, an "exclusive" or scoop, and three series of nudes. It is the last two ingredients which make the mix palatable to most of the magazine's legion of readers.

Interviu has also benefited from being prosecuted for libel exactly 110 times—nearly once for every week of its existence. It has yet to lose a case, although it is currently being prosecuted on two counts by the Interior Ministry.

In addition to Interviu, Ediciones Zeta publishes Spain's best-selling satirical weekly, El Jueves, and four "girlie" magazines pitched at different ends of the market—including a native variant of Playboy, and the Spanish edition of Penthouse, which between them sell well over 1m copies a month.

The group expects last year's turnover of Pta 2.8bn to increase this year to Pta 4.2bn.

The Spanish Communist Party's (PCE) theoretical monthly, Nuestra Bandera, this month surprised its readers by including a detailed and intelligent study of erotica in the Spanish Press, a substantial portion of which was devoted to Interviu. The article suggests that Interviu's success rests on the ability to fit Left-wing content into an attractive commercial package.

The Barcelona-based weekly La Calle—which itself has close links with the PCE—followed this up in a recent editorial by complaining that the combination of political and sexual repression exercised by the Franco regime has meant that this kind of magazine has caught the reader who considers himself on the Left with his guard down, while the mainstream news and political weeklies go slowly to the wall.

The ostensible occasion for both articles was the demise of Cuadernos, but possibly owes as much to the fact that the PCE will next month be launching its own daily. In any case, the only argument which impresses Sr. Asensio is success.

El Periodico will be his first venture into newspaper publishing proper. The paper will start life with a capital of Pta 300m, and an ambitious print-run of 160,000—90,000 for Barcelona and 70,000 for the Madrid edition. To produce it, Zeta has contracted a young staff, skimming much of the cream off Barcelona's collapsing and collapsed papers.

Sr. Asensio believes that the ordinary Spanish reader or potential reader is after a paper that is entertaining, graphic, easily accessible, but not frivolous. El Periodico will attempt to be all this, as a step on the way to emulating the classic liberal daily, like El Pais. It will therefore be Spain's nearest equivalent to a British popular daily, but with a didactic intent. Issues carry aggressively titled news stories, the most important of which is supplemented on each page with commentary by a well-known journalist or prominent columnist, a strategy which will nearly double the paper's wage-bill. Some of Spain's best cortoonists will jostle with long features on political, social, or simply sensational issues. Sr. Asensio parries the charge of sensationalism by maintaining that the paper will merely try to include material which is in itself compelling and sensational.

He argues that his competitors had exactly the same opportunities that he had, but frittered them away, and adds that only commercial success guarantees political independence and vice versa. He plans to test further this thesis next month, when Zeta will be launching a weekly news magazine on the lines of Time or Newsweek. His competitors meanwhile, are understandably far from happy.

The major unknown which will affect Zeta as well as the rest of the Spanish Press is the fate of the so-called "State Means of Social Communication" (MCSE)—the 35 daily and three weekly newspapers which served as the mouthpiece of the Francoist party, the *Movimiento* or Movement.

The MCSE newspapers are an embarrassment as well as an expense to the Government. Their total deficit this year is expected to reach Pta 3bn. At the same time, the Government is open to attack from the opposition for hanging on to this undoubtedly powerful information outlet. Their destiny is the subject of fierce polemic between the MCSE's employees, who want to see them relaunched as co-operative-based regional newspapers, and the rest of the Press, which fears any serious new competition.

Jailed Soviet dissidents on hunger strike

MOSCOW, Oct. 30.

SCORES OF political prisoners, including the dissidents Yuri Orlov and Alexander Ginzburg, were reported on a hunger strike toay to mark the fourth anniversary of "prisoner of conscience" day.

Dissidents in Moscow also said that Mr. Anatoly Scharansky, the convicted human rights activist, had been transferred to aremote, strict labour camp near Chistopol in central Russia.

News about the three was released at a Press conference tonight for Western correspondents by the Moscow "Helsinki group" at the flat of Dr. Andrei Sakharov, the Nobel prize winner.

The one-day hunger strike was organised by the prisoners, dissidents here said, to protest about "the cruel measures, the barbaric treatment" at the labour camps where they are being held.

AP

U.S. presses Britain for more liberal air rules

By David Buchan

WASHINGTON, Oct 30.

THE U.S. is pressing Britain for more liberal rules on air cargo and charter flights, for greater flexibility on airline destinations, and a continuation of the present low air fares across the North Atlantic, in a review of the 1977 Bermuda air service agreement by officials of both countries here this week.

But Mr. Jim Atwood, the State Department official who is leading the U.S. side in the talks with British officials led by Mr. John Steele, Deputy Secretary for Aviation in the Department of Trade, said tonight the U.S. was not threatening to denounce the Bermuda agreement if *concessions were not made*.

The first day of talks, which are expected to continue for three or four days here, showed that a good working relationship had been built up between the two countries on the implementation of Bermuda 2, British and U.S. officials said.

It is, however, true that the aviation policy of the Carter Administration has changed considerably since summer 1977, when the bilateral agreement was signed.

This is partly the influence of the Civil Aeronautics Board, *which under its former chairman* Mr. Alfred Kahn, has pushed for lower fares and greater competi*tion on U.S. domestic routes.*

In particular the U.S. would like to change the restriction in Bermuda that allows only one designated carrier into each "gateway" city.

This, it argues, is more restrictive than provisions in agree*ments that it has since negotiated* with other European countries. A U.S.-German agreement is due *to be signed on Wednesday.*

The U.S. also argues that charter flights should only be *governed by the rules of the* country of origin, not both the countries in question.

In addition, it wants to ensure that no government intervention will stop introduction of low fares.

Leading economic indicators show biggest advance for five months

BY DAVID BUCHAN

WASHINGTON, Oct. 30.

THE INDEX of leading economic indicators, designed to gauge future changes in the level of activity in the U.S. economy chalked up a 0.9 per cent increase in September, the biggest gain in five months, the Commerce Department reported today.

This follows the respectable 0.7 *per cent rise in the index in* August, and would at least seem to bear out administration assur*ances that the U.S. is not* headed *for a recession in the* immediate future, even though its economic recovery is now virtually into its fourth year.

Mr. Michael Blumenthal, the *Treasury Secretary, yesterday* forecast that growth in the U.S. gross national product would *slow down to no less than* 3-3.5 per cent—a rate that would stem any substantial rise in unemployment. With growth in the third quarter of this year of 3.4 per cent, and averaging slightly higher than that over the first nine months of 1978, Commerce Department economists claim the overall performance this year will be between 3.5 and 4 per cent.

But the leading indicator index for October is likely to be much less buoyant, Commerce Department officials point out, because of the heavy tumble this month in stock market prices, one of its components. Share prices continued their fall today.

The rise in the September index is narrowly based, and almost entirely accounted for by a surge in the basic M1 money supply (cash and deposits) and total liquid assets, and also in building permits for new houses, both these factors have gloomy implications for the Carter Administration's redoubled efforts to bring inflation under control and down to 6-6.5 per cent next year.

The Federal Reserve Board clearly is having some difficulty getting a handle on the money supply, while its present policy of raising interest rates to an all-time high seems to be having little effect on the construction sector—which is traditionally sensitive to an increase in the cost of borrowing.

Mr. Alfred Kahn, the former chairman of the Civil Aeronautics Board who was last week appointed by President Jimmy Carter to head the new anti-*inflation programme of voluntary* pay and price guidelines and public spending restraint, is *already being asked what steps* would be taken in the event of a failure in that programme.

Speaking on television yesterday, Mr. Kahn conceded that *if* the voluntary policy fails, he *would reluctantly, recommend* compulsory wage and price controls on companies and trade unions, rather than a deliberately induced economic recession, to bring inflation to heel.

One piece of good news, with some bearing on the inflation problem, has come with the Labour Department's report that productivity in the third quarter of this year rose 4.5 per cent at an annual rate. This increase in output per hour worked follows a mediocre gain in the second quarter and a decline in the first three months of 1978. In that sense, it is a rebound—but nonetheless a vigorous rebound at such a late stage in the U.S. economic recovery.

AP-DJ adds from New York: Mr. Barry Bosworth, director of President Carter's council on wage and price stability, warned that U.S. economic growth will slow as part of the Government's war on inflation.

Speaking to a group of trucking executives here, Mr. Bosworth predicted: "We are going to have a pause in this economic expansion." He added *that economic expansion at rates* achieved in recent years "cannot be expected to continue."

Mr. *Bosworth also warned* that "It will take us about four years to get the inflation rate down," a *forecast based on the assump*tion of public support for President Carter's programme.

Mr. Bosworth said that the Government will be unable to lower unemployment sharply because of the coming economic slowdown.

He acknowledged that a major test of President Carter's programme will come late this year when the Teamsters Union begins contract talks with major trucking companies. It would be hard for the economy to take a strike in the trucking industry.

50-year jail terms for Soviet spies

Two convicted Soviet spies were each sentenced to 50 years in jail by a Federal judge in Newark, New Jersey, yesterday, Reuter reports. The judge said their imprisonment would deter future *espionage activities by "any* hostile foreign government."

The defendants, Valdik Enger (39) and Rudolf Chernyayev (43), both employees of the United Nations secretariat, were convicted for their part in a nine-month conspiracy *to obtain U.S.* military secrets, including plans for anti-submarine warfare.

Bolivian arrests

The Bolivian Government has announced the arrest *of five* opposition politicians it said were involved in a subversive plot *organised by international* extremists, Reuter reports from La Paz. The five were leading members of the National Revolutionary Left Movement and the Revolutionary Left Movement.

Perez oil denial

Venezuelan President Carlos *Andres Perez yesterday discounted* an OPEC oil price rise of 20-30 per cent because, he said, it would be like *dropping* an atomic bomb, Reuter reports from Caracas, on the secret talks he held last week with Saudi Arabian Oil Minister Ahmed Zaki Yamani. Mr. Perez said Venezuela and Saudi Arabia had reached a full understanding on oil matters.

Fords recalled

Ford said it will ask owners of about 185,700 last year's models *Fairmont and Mercury Zephyrs* equipped with six-cylinder 3.3 litre engines and automatic transmissions to return them for replacement of part of the emission control system, Reuter reports from Dearborn, Michigan.

Brazil metal strike

At least 30,000 metal workers went on strike for higher pay in Sao Paulo yesterday *Reuter reports.*

U.S. COMPANY NEWS

Union moves to block United Technologies takeover of Carrier; UAL turns in record airline results; Life Insurance of Georgia rejects Dutch bid—Page 37.

Oil companies may begin search off Bahamas next year

BY NICKI KELLY IN NASSAU

A SEARCH for oil in the Bahamas is expected to begin sometime next year. The Government recently published the terms and conditions for exploration, and applications from at least half a dozen companies are already on record.

Release of the controlling regulations after a seven-year delay is believed to have been spurred by the discovery in August of gas and oil in the Baltimore Canyon, 50 miles off the New Jersey coast.

Industry experts say there is strong geological evidence that large oil and gas deposits may exist in the South Florida-Bahamas basin, and that the chances of discovery are good.

The promise of large oil reserves just off the biggest oil-consuming region in North America has stirred considerable interest among American, Cana*dian and* European companies, says Development Minister Alfred Maycock.

Some estimates, allowing for a 50 per cent error, put the amount at 1.5-3bn barrels of oil.

Even if no oil is found, the Bahamas could reap several million dollars from the grant of *leases*. One oil company representative estimates the islands have already lost $10m by fail*ing to act more swiftly.*

No explanation has been offered for the delay, but it is thought that the Government had hoped to have the Bahamas' territorial claim to some 95,000 square miles of surrounding water recognised by the Law of the Sea Conference before moving ahead on this and other matters that might involve jurisdictional rights. Anxious, however, to protect its mining and fisheries resources, the Bahamas followed the U.S. last year in declaring an exclusive 200-mile economic zone.

One potential mining area affected by the overlapping zones is the Blake Plateau off *the south-eastern U.S. coast* and north of the island of Grand Bahama.

The absence of any agreed boundary between the two countries was one of the reasons cited by the U.S. Interior Department in April for cancelling next year's proposed sale of petroleum leases for the area.

The search for oil in the Bahamas began shortly after World War II with passage of the country's first Petroleum Act. Between 1946 and the introduc*tion of new legislation in 1971*, a total of 17 concessions for both land and offshore exploration were held by six companies.

In the latter part of 1967 the newly-elected Progressive Liberal Party (PLP) government served notice on the six companies that they would have to properly exploit their concessions or risk losing them. During the following three years, Gulf Oil Company and California Oil Company (Chevron), carried out exploratory drilling off the islands of Andros, Cay Sal, Long Island and Bimini. Evidence of oil was found but the technical and recovery costs did not justify further exploration at the time.

All drilling ceased in 1971, just as the government introduced a revised Petroleum Act. The 1973 energy crisis has drastically altered the picture however. The quadrupling of oil prices and development of new techniques has since made it economically feasible to recover some of this oil. But the industry has been unable to proceed until now because of the Government's failure to implement the regulations governing the evaluation of competitive bids, the scale of fees for exploration licences, the duration of leases, work and expenditure obligations and the size and location of concessions.

Earlier this year the 1971 Petroleum Act was amended along the lines of the U.S. Outer *Continental Shelf Act* and stringent safeguards built in to protect the environment of the Bahamas.

Under the new regulations, a one-year permit to carry out *surface geological* and geophysical studies of specified areas of the Bahamas will cost $5,000 and may be renewed on payment of $1,000.

A three-year licence to carry out exploratory drilling carries a $10,000 fee with a further $10,000 payable if a lease is granted. Rental fees are additional. Leases will be granted for up to ten years and may be renewed.

Trudeau urges new Canada constitution

By Victor Mackie

OTTAWA, Oct. 30.

MR. PIERRE TRUDEAU, Prime Minister of Canada, appealed to *the 10 provincial premiers today* urgently to tackle the problems of re-writing the British North *America Act—Canada's constitu*tion—because Canada is "a badly and sorely divided nation."

He voiced the appeal as he presided over the opening session of a three-day constitutional conference.

Canada's economic and constitutional problems cannot be separated, *Mr Trudeau stressed.*

A new constitution would help bring about stability to the country's economy. This stability was badly needed to bolster Canada's economy and help meet competition in foreign markets.

Murdoch paper may not appear

BY JOHN WYLES

NEW YORK, Oct. 30.

THE DAILY SUN, the New York morning newspaper planned by Australian publisher Rupert Murdoch, may not now appear, because of failure to reach agreement with key printing unions.

Mr. Murdoch had hoped to launch the new tabloid while its two potential rival newspapers, *the New York Times and the* Daily News were still shut by the 82-day pressmen's strike.

But alleging a conspiracy between the printing unions and some of his fellow-proprietors, Mr. Murdoch has warned that the debut of the Sun "has been delayed, perhaps permanently."

Mr. Murdoch has singled out for special attack Mr. Douglas La Chance, president of the delivery drivers' union, whom he accuses of making "discriminatory and unwarranted demands."

But he has gone on to suggest that there may be an "unholy alliance" to "prevent the emergence of the Daily Sun by saddling it with oppressive costs."

A spokesman for Mr. Murdoch said today that the lawyers for the New York Post, Mr. Murdoch's afternoon newspaper which has been publishing for nearly a month after a break-away agreement with the pressmen, were *studying the matter, and* would advise whether to file suit.

Mr. Murdoch is particularly *angry about the delivery drivers'* refusal to agree to a distribution system based on wholesalers *rather than direct delivery to* newsstands.

Direct delivery would create *more drivers' jobs but it would* also be more expensive, Mr. Murdoch claims, because at least *initially* the Sun would not be printed in sufficient numbers to justify the economies of scale which are available for the Daily News with its 1.9m circulation.

Some union members are known to be unhappy about granting Mr. Murdoch *the opportunity* of establishing a newspaper which could damage the Daily News, a *far more substan*tial employer than the Post and the Sun combined would be. Mr. *Murdoch is suggesting that the* unions have not been bargaining in good faith.

Meanwhile, the negotiations between the pressmen and the Times/News appear to be *meandering towards a settlement* after an agreement last week to refer the main issue, manning of the printing machines, to a "fact finder," whose recommendations on manning levels will be accepted by both sides.

ITT fails with secrecy plea

WASHINGTON, Oct. 30.

THE SUPREME COURT cleared the way today for the Government to publish details of alleged payments abroad by the International Telephone and Telegraph Corporation.

The court rejected a request by ITT which aimed at keeping *secret the charges made against* the company by the Securities and Exchange Commission while *ITT pursued its legal battle with* the commission.

Judge George Hart of the Federal District Court in Washington is now free to allow the commission to release details of alleged ITT foreign payments which have been claimed to amount to $9m.

Judge Hart and the U.S. Circuit Court of Appeals had previously rejected ITT requests for details of the charges to remain undisclosed.

ITT asked Chief Justice Warren Burger for emergency *help immediately after the* Appeals Court's refusal. The Chief Justice referred the matter *to the full court for consideration.*

In seeking emergency help, ITT said the commission's charges involved "alleged questionable payments made, during the period 1970 to 1975, *to foreign* commercial or Government buyers or their intermediaries for the purpose of facilitating sales abroad."

Lawyers for the company said disclosure of the allegations could "threaten" substantial commercial injury to the corporation's business."

The lawyers said the commission lacked authority to disclose details of its allegations against ITT and that such disclosure could expose ITT subsidiaries to adverse governmental actions abroad.

Mr. Wade McCree, Solicitor-General, said *ITT* had not demonstrated how the harm that could occur was in any way distinguishable from the harm suffered by any company subject to Government enforcement action which *necessarily* involved an accusation of wrong-doing in a public forum. He asked the court to reject ITT's request.

AP

Peru aims to boost GNP 3% by 1980

BY OUR OWN CORRESPONDENT

LIMA, Oct. 30.

PERU HOPES to pull itself out of its economic crisis and increase its Gross National Product by 1 per cent next year and 3.5 per cent in 1980.

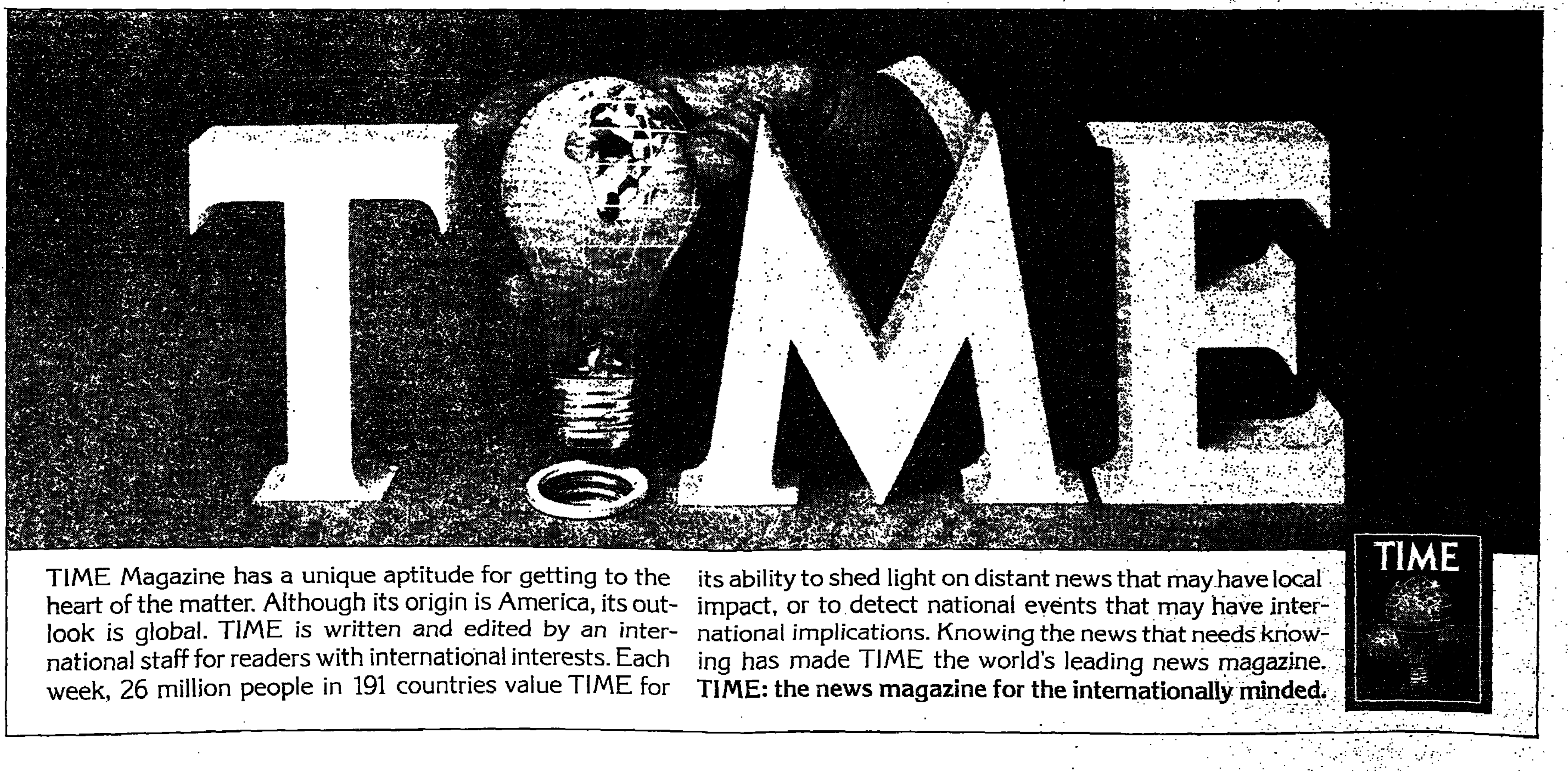
This was made clear in its 1978-80 economic programme announced by Sr. Javier Silva Ruete, Finance Minister, today.

The programme invites investment from the private sector, including foreign capital in projects previously reserved to the State such as energy and large-scale mining.

The aim is for private capital to make up three-quarters of Peru's gross investment by 1982.

The plan aims to cut inflation, at present running over 60 per cent, to 40 per cent in 1979 and 20 per cent in 1980.

Sr. Silva Ruete and his team hope to reschedule 90 per cent of loan payments falling due over the next two years, at the Paris Club meeting to be held on November 2 and 3. This involves some $1.9bn.



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OVERSEAS NEWS

White emigration from Rhodesia at record level

TONY HAWKINS SALISBURY, Oct. 30.

..MBER was the worst ..et for white emigration ..nodesia, according to offi- ..ures released in Salisbury. These show that 1,776 voted with their feet last while there were 286 new ..hodesian immigrants, giv- ..net loss of 1,490. ..net loss exceeds the pre- "worst" figure of 1,339 ..nced in May 1977, but this the 1978 loss to date running 14 per cent be- ..hat for the comparable .. of last year. Then, .. lost 13,164 whites 11,241 in the same nine- ..period this year. ..difference is that in 1977 ..tion peaked in the second .. of the year (with a net ..of 3,257 whites), the rate ..nore than halved by the ..arter of 1978 (net loss of .. But since then there has renewed and more serious ..ration so that by the ..quarter of this year the .. had risen to the worst ..ly loss on record of 3,846. ..bined Operations head- ..s announced tonight that ..hirundu area on the ..n border with Zambia ..een subjected to heavy fire from Zambia for the .. time within 24 hours. ..y forces responded and ..alised" a Zambian ..ement, the headquarters .. member of the security forces, seven guerrillas and a guerrilla collaborator had died in the war in the past 24 hours as well as five black civilians.

Michael Holman reports from Lusaka: With the apparent failure of attempts to resolve differences among the five southern African front-line states, there are signs that Zambia may give a cautious welcome to the recently modified Anglo-American settlement plan for Rhodesia.

Inconclusive talks aimed at healing rifts in the five-nation alliance of Zambia, Angola, Mozambique, Botswana and Tanzania ended in Dar es Salaam last night. President Samora Machel of Mozambique refused to attend the meeting. What took place at the talks remains unclear but the Government here is at pains to play down any suggestion of serious differences.

However, Zambia privately acknowledges that its reopening of the southern route through Rhodesia remains a contentious issue, but no explanation was offered for the failure of President Machel to attend, or even send a representative.

It also appears possible that Zambia's response to the modified Anglo-American terms—one of the new options being the postponement of elections until after independence—may differ from Tanzania's. One view held in senior government circles is that although certain matters remain unresolved, the modifications represent an advance.

Meanwhile a second landmine explosion within a week has disrupted traffic on Zambia's vital rail link to the South through Rhodesia. A railways official announced that a mine planted on the line two miles north of the Kafue River bridge, 35 miles south of Lusaka, blew up a locomotive and damaged 150 ft of track light night.

Fifteen wagons were derailed by a landmine at Magoye siding, 100 miles south of Lusaka, last week. The line, opened for traffic to and from South Africa on October 6, is carrying essential fertiliser imports for the country's maize farmers, as well as copper exports.

Martin Dickson adds: Bishop Abel Muzorewa, one of four members of the ruling Rhodesian Mr. Ian Smith's assertion that a handover to black majority rule would have to be postponed from the December 31 deadline. The Bishop said in London that Mr. Smith had been merely "expressing a possibility." No policy statement on such a "drastic" event had been issued by the Executive Council.

The Bishop, speaking in London at the Royal Institute of International Affairs, argued that the alternative to Mr. Smith's internal settlement was "black minority rule and Cuban-inspired takeover."

Scorched earth threat by Fatah

By Our Foreign Staff

PALESTINIAN guerrillas will launch a "scorched earth policy" in the Middle East if the Camp David agreements are enforced, Mr. Abu Iyad, the No. 2 man in the Fatah commando movement, has said.

He also put the Palestinian guerrilla movement on a collision course with Saudi Arabia yesterday by vigorously attacking statements made over the weekend by Prince Saud Al-Feisal, Saudi Foreign Minister, that the Pan-Arab summit scheduled to start in Baghdad tomorrow should not isolate Egypt.

Mr. Iyad charged Saudi Arabia with trying to undermine Arab opposition to the Camp David pact. Mr. Yassir Arafat, the PLO chairman who is currently visiting Moscow for talks with Soviet leaders, has already threatened attacks against American interests in the Middle East.

The Saudis clearly intend to play a moderating role at the Baghdad summit, but the influence of the hardline states, which completely reject Camp David has increased appreciably as a result of last week's bilateral agreement between Iraq and Syria.

Opening a preparatory conference of Arab foreign ministers drawing up an agenda for the full summit, Mr. Saadoun Hamadi, Iraqi Foreign Minister, described the Camp David agreements yesterday as "a stab against the Arab struggle to liberate Palestine."

Western building design 'an Arab disaster'

BY KATHLEEN BISHTAWI DUBAI, Oct. 30.

A PROMINENT architect has delivered a seathing attack on western designers for creating environmental and social disasters in the cities of the Arab world.

Speaking at the opening session of a conference on Middle East development in Dubai, Mr. Rafat Chadirji of Iraq Consultants in Baghdad said that contemporary buildings had been built with little thought for the Arab people.

"In less than two decades of development, their houses, towns and villages and even the countryside have been transformed into a drab and abrasive environment," he told delegates. Ironically, it is the result of spending not millions, but billions on these buildings and towns.

Mr. Chadirji believed that the design of the new cities of the gulf would lead to great social problems, an increase in vandalism and crime, the destruction of both the Arab family and the feelings of neighbourliness. This would ultimately lead to an increase in the role of the police in arab cities, the Iraqi consultant said.

Not one building in the Arab world had been designed with the help or advice from a sociologist, and "a high proportion of what we build today is already condemned by the society which brought it into existence," he pointed out.

A good number of buildings had been built with complete indifference to the local physical environment, and were subsequently wasteful as regards energy. Neither had such buildings stood the test of time, unlike the well designed and ageless souks of the Arab world. "In contrast, when we drive or walk through most of the new streets of Kuwait, Basrah or Abu Dhabi, one obvious fact comes to light that these new streets have not endured time. They are already grotesque. The question is do we want our cities to change their character and come to resemble Birmingham or Tokyo?"

A large part of the blame should also be laid at the door of the Arab client, the consultant emphasised. "The Arabs as clients and user have not generally asked for a better deal from their designers.

Two Iran Ministers quit

BY ANDREW WHITLEY TEHRAN, Oct. 30.

THE TWO-MONTH-OLD Government of Mr. Jaafer Sharif-Emami was today shaken by the resignation of another two Cabinet ministers, bringing total departures from the 23-man Cabinet to four.

Confirmation of the resignation of the Justice Minister, Mr. Mohammad Baheri, and the Minister of State for Executive Affairs, Mr. Manouchehr Azmoun, came with the presentation to the Shah of their replacements.

The new men, Mr. Hossein Najafi (Justice) and Mr. Mostafa Paydar (Executive Affairs), are both politically unknown.

No reason has been given for the resignations. Cabinet rivalries and personal differences are believed to have been the main cause, but policy differences over how to handle the nation's serious disturbances may have contributed.

The Government news agency, Pars, reports that the Governor-General of Kermanshah province—the scene of much of the worst trouble—also resigned today.

It was reported that the death toll from riots in the small town of Paveh, in Kermanshah province, has reached 11. In Kaboutarahange, near Hamadan, it is now known that 12 people were killed when police opened fire on demonstrators last Friday.

The unofficial death toll for the five days since the Shah's birthday last Thursday is at least 49.

Uganda invasion 'a bluff'

BY JOHN WORRALL NAIROBI, Oct. 30.

UGANDA TODAY claimed that its troops were fighting fiercely against invading Tanzanian forces, although most observers here believed these claims were a smokescreen to hide serious unrest against President Amin in the Uganda army.

Uganda Radio said the Uganda marines had "broken through." The battle had reached its "hottest degree," Amin and his commanders were "reaching a decision in the field whether to bomb Dar es Salaam and Dodoma" and the Tanzanians had asked for 2,000 bottles of blood.

The "invasion" reported at the weekend is the second Tanzania is alleged to have made in two weeks. The Tanzanian Government has described the reports as "absolute nonsense."

Most observers here, backed by sources in Uganda, believe that serious trouble has broken out in Uganda armed forces west of Lake Victoria and that the invasion report is a smokescreen.

The Nairobi Daily Nation said today that Ugandan mutineers had shot 150 loyalist troops at Malire, and had wiped out a mechanised unit.

Ugandan sources say the army uprising is by troops loyal to Vice-President Mustafa Adrisi, who was seriously injured in a car accident in Kampala a few months ago and was flown to Cairo for treatment.

..ITICS IN PAKISTAN

Waiting for Bhutto

BY CHRIS SHERWELL IN ISLAMABAD

..TAN IS once again suffer- ..ers of self-confidence ..tional identity. After the ..ia and hope borne of last ..movement to oust the ..Minister Mr. Bhutto, .. have become frustrated ..months of military rule and ..ed by the leadership of ..ral Zia-ul Haq. They are ..is about the country's .. and feel helpless to in- ..e it.

.. fate of the once-popular ..hutto dominates the public .. His execution after being ..ced to hang for conspiracy ..rder, apart from setting an ..ime precedent in solving ..sion problems even in ..tan, could lead to serious ..ility. Yet General Zia is ..y expected to stand by his .. and hang Bhutto if, as a ..singly large number of .. anticipate, the supreme .. dismisses his appeal.

.. Army clearly believes that ..ld contain the inevitable ..on. The organisation of ..hutto's Pakistan People's .. (PPP), such as it was .. his highly personal rule, ..een smashed. And its re- ..abortive attempt to rally .. support did irreparable ..e, with four protesters ..g themselves to death for ..g.

..tto supporters insist that ..e and fair elections work- ..d peasants who have lost ..nd land under the Army's ..will rally to the PPP if .. has gone and clamour ..s release if he hasn't. But ..ns are not around the cor- ..d the painful truth is that ..e supreme court appeal ..l on interminably more .. want the case finished and ..with. Even international ..re could backfire if it ..like interference, what- ..akistan's foreign indebted- ..r ties with Muslim coun- ..nd China might prudently

..Mr. Bhutto's execution, ..al or even exile sparks ..rollable disturbances, the .. will be enormous. The ..ing disorder in neigh- ..g Iran and the recent ..nce of a Soviet-orientated ..t regime across the fron- .. Afghanistan have already ..a powerful effect on ..n. They have also ..bated fears for the ..'s future generated by the ..y Government's failure to ..nodate long-standing ..ds for greater autonomy ..he key border provinces ..uchistan and the North ..Frontier.

.. uncertainties are being ..ced by demands from the ..s parties in General Zia's ..nth-old civilian Cabinet .. immediate and wholesale ..ction at home of an .. system of laws. ..aged by Zia himself, plans ..ing forged to introduce ..e education, interest-free ..g and sanitised broadcast- ..d entertainment. But old ..n differences have begun ..face as doctrinal disputes ..rown, and some people ..ly believe these could ..o bloodshed.

..e same time General Zia's ..g of the six parties which ..o far sided with him has .. fed the rifts among them. ..y have gained prominence ..sponsibility the bureau- ..has obstructed some of their aims. General Zia has in addition refused to create the provincial Governments that would give them the more extensive power and patronage they desire. This has left them angry and disappointed but impotent, and their threats to leave the Government are not treated seriously.

General Zia's stand on elections and a transfer of power to a civilian government has provided perhaps the greatest uncertainty of all. Recently, for example, he stunned the country when he announced he was prepared simply to hand over power without elections to the six parties in his cabinet if they could merge. Yet two days earlier he had said he would hand over power to a government elected in polls held between March and October—his most specific commitment to a date in a year, and since his announcement General Zia has said that "if" elections are held the elected government will be obliged to implement an Islamic system of laws whose foundations he would soon establish.

People are finding these inconsistencies and his broken electoral promises impossible to explain unless they focus on General Zia's famous statement some months ago that he would not allow an election until he was sure of "positive" results. This was widely interpreted to mean that he would not allow Mr. Bhutto or the PPP back into politics in Pakistan. An inference which events have not since controverted.

If the conditions that General Zia is setting for an election are indeed tightening and he wants the parties he supports in power, he could leave himself open to charges of rigging—the accusation that brought Mr. Bhutto down. In fact there are growing suspicions that General Zia would like to stay in politics. He has spoken more than once of strengthening the Presidency, for example, and appears to have firm ideas on the direction the country should take which align him with the most orthodox of the religious parties.

In the meantime pressing economic problems harbour additional trouble. As the government runs deficits and the flood of remittances from workers abroad is spent on real estate and consumer goods, inflation is again soaring and may already be back to 15 per cent. Investment has slumped while government policies, notably on nationalisation, are far from clear. Wheat purchases after last season's disastrous crop will drain foreign exchange reserves, but the question of rescheduling debt repayments will remain unresolved while the remittances keep the balance of payments afloat.

Persistent political uncertainty and economic indecision have made optimistic Pakistanis rare. Industrialists, bankers and trade unionists as well as landowners, farmers and peasants paint a uniformly black picture.

Faced with this evidence, knowledgeable western observers are talking seriously of a collapse of confidence in the country and a complete reversal of the mood that pervaded the country before General Zia's coup. Seeing an institutional vacuum

..andhi election clashes

NEW DELHI, Oct. 30.

..ELECTION campaigners ..njured at Chikmagalur in .. India today in clashes ..n supporters and oppo- .. of Mrs. Indira Gandhi, ..ormer Prime Minister is ..ing a parliamentary by- ..n there. Polling is on ..

.. Press Trust of India, .. police sources, said Mrs. ..'s supporters hurled ..at vehicles carrying sup- .. of the Janata Party ..ate, Mr. Veerendra Patil. Two vehicles were damaged.

In another part of the constituency there were reports of a minor clash between the two groups last night in which some people suffered minor injuries.

A senior official of the Janata Party alleged that Mrs. Gandhi's supporters were deliberately fomenting violence because they feared she would be defeated and were hoping to get the election postponed. Agencies

WORLD TRADE NEWS

Japanese car exports drop 4% in September

TOKYO, Oct. 30.

JAPANESE CAR exports in September showed a drop for that month for the first time in four years, according to official figures released here today.

Some 280,925 vehicles were exported representing a 4 per cent drop on the same period last year. The decrease follows Government measures to keep down shipments in order to help cut the country's large and embarrassing trade surpluses.

However, the figures showed that exports were 12.4 per cent higher than in August, with increased shipments of vehicles to the EEC, Australia and South Africa. Exports to the EEC last month rose by 10.9 per cent to 44,957 from the corresponding month last year with shipments to West Germany up 88.4 per cent to 11,368. Exports to Australia rose 41.5 per cent to 25,220 and to South Africa by 77.4 per cent to 16,544 from September last year.

However, vehicle shipments to the U.S. were down 5.4 per cent to 147,120, while those exports to Britain fell 23.8 per cent to 12,141.

Today's figures follow a statement by the Transport Ministry last week that Japanese ship exports, which with vehicles have been the cornerstone of the country's export-based economic boom, were also falling rapidly.

Last April, the Government introduced a policy of administrative guidance to major exporters to help keep this year's shipments down to 1977 levels. Only Japanese colour television exports have so far not decreased. In September, exports were nearly 50 per cent over the previous month and about 10 per cent higher than the same period last year. Reuter

Mr. Peter McGrath, managing director of BL Components, has arrived in Japan leading a sales team to talk to Japanese motor automotive manufacturers about buying products from his company.

● Kenneth Gooding adds: A forecast that between 9m and 9.5m passenger cars will be sold in the 13 West European markets in 1979, roughly in line with this year's sales, has been made by Dr. Werner Schmidt, world sales director for VAG, the Volkswagen-Audi group of West Germany.

Questioned during a visit to the U.K., Dr. Schmidt said VAG did not expect the current-year boom in car registrations in West Germany to continue at such a high level in 1979.

They would probably slip a little from the region of 2.6m this year to perhaps 2.5m next year.

VAG believes, however, that the UK demand will hold up and that the 1.6m registrations expected in 1978 will be repeated next year.

Accord nearer on farm exports

BY DAVID BUCHAN

WASHINGTON, Oct. 30.

JAPAN and the U.S. have made substantial progress on the vexed issue of better access for American farm exports to the Japanese market, U.S. officials say.

The issue has been a serious bone of contention between the two countries in the GATT multilateral trade negotiations in Geneva.

Japan is reported to have made tariff concessions on some 37 agricultural items, and agreed to raise quotas on beef and citrus imports. These concessions, made to all Tokyo's partners in the GATT, will principally benefit the U.S. as a major agricultural exporter.

But Mr. Robert Strauss, the chief U.S. trade negotiator, and his staff are refusing to provide any details on what has been agreed with Japan. Such information, it is felt, could prove sensitive in the light of the forthcoming leadership contest inside Prime Minister Takeo Fukuda's ruling Liberal Democratic Party.

Tariff negotiations on unresolved items like pork, eggs, chicken and lumber are due to continue between U.S. and Japanese negotiators early next month in Geneva.

Mining men in China sales trip

BY JOHN LLOYD

BRITISH MINING equipment companies are to visit China next month, at the invitation of the China Coal Society.

The invitation follows the announcement last month that three UK companies had won £100m worth of orders for mining equipment, and the industry is looking for further, even larger orders.

The companies' representatives will go in two groups, the first on November 5, for two weeks, the second next March. Some 30 companies will be represented on the visits.

Mr. Dennis Morgan, chairman of the Association of British Mining Equipment Companies, said yesterday that the visits had two purposes: first, to attempt to negotiate continuous yearly orders for equipment by China; and second, to widen the scope of the machinery ordered.

Three companies—Dowty (with orders worth £70m), Anderson Mavor (orders worth £12m) and Gullick Dobson (orders worth £12m)—have so far been the sole UK beneficiaries from the massive expansion in China's coal industry.

Turkey explains 5-year 'freeze' on EEC

BY DAVID TONGE

BRUSSELS, Oct. 30.

DETAILS OF the five-year freeze which Turkey is seeking on its obligations towards the EEC and a strong attack on the British ban on imports of Turkish textiles were the highlights of an interview given by the Turkish Foreign Minister, Mr. Gunduz Okcun, during his week-end visit to London.

Mr. Okcun stressed that the eventual goal of the relationship between Turkey and the EEC is that Turkey becomes a full member of the Community. But he stressed that Turkey had to have a grace period to put things in order. It is thus not seeking to suspend relations but to suspend its fresh obligations to the Community, in particular in the field of tariff reduction and trade liberalisation, he said.

"We feel very strongly about the UK limitation on Turkish textiles. It appears an unfriendly, not to say hostile, act which casts a giant shadow and puts a mortgage on the present development of policies to revitalise relations with the EEC. It goes against what has been agreed by the EEC. Our textile export are too small to affect British industry. There is no economic argument to justify the gesture and one must ask whether it is politically motivated."

Brussels unlikely to ease steel disciplines

By Giles Merritt

BRUSSELS, Oct. 30.

EUROPEAN COMMISSION sources in Brussels are now indicating that in spite of marginal improvements in steel demand there is little prospect of a significant relaxation in the disciplines of the "Davignon Plan" during 1979.

Revisions to the terms of the voluntary production and prices agreements between EEC steel producers, launched at the beginning of this year by EEC Industry Commissioner Viscount Etienne Davignon, are due to be decided here on November 21.

But according to commission sources the only likely change at present is the discontinuation of the Brussels commission's powers to impose heavy penalties on companies that undercut the price structures.

Steel production inside the EEC for the first three quarters of this year is now running at 4.5 per cent above the level of the same 1977 period.

While in the third quarter of this year EEC steel production was 9 per cent greater than the level originally targeted, steel industry experts in Brussels have noted that the increase was largely due to over-production in three main producer countries.

UK output for the period fell by 7 per cent, while in West Germany it increased 19 per cent, in the Netherlands by 22 per cent and in Italy by 12 per cent.

India plans major plant expansion

By K. K. Sharma

NEW DELHI, Oct. 30.

THE INDIAN Government has decided to set up three new steel plants with the collaboration and assistance of Russia, West Germany and Romania, to whose needs they will initially cater.

All on the coast, the plants are to be located at Mangalore in Karnataka State, Vishakapatnam in Andhra State and Paradeep in Orissa State.

The plants, expected to have a capacity of 3m tonnes each a year, are expected to become operational within four years.

The decision to establish the plants now rather than later, when India's steel demand will increase, is based on the savings to be made as a result of escalating costs in coming years.

Details of the projects are to be worked out with the foreign partners, which are to supply credit for equipment to be imported from them. However, it is expected that the bulk of the requirement of capital goods and machinery will be made available from Indian plants, mostly in the public sector.

BOOM FOR MANUFACTURERS

Airlines on buying spree

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE WORLD'S major jet airliner manufacturers are heading for their best year ever, as the airlines move to meet rapidly expanding passenger and cargo traffic under the stimulus of both cheaper fares and improving economic conditions in many countries

Between January 1 and mid-October this year the world's airlines, both scheduled and charter, collectively placed firm orders for over 600 new jets, worth over £6bn (nearly $13bn). This figure does not include options, both disclosed and unannounced held by some manufacturers, which collectively are believed to amount to more than another 100 jets of all kinds.

Of these new firm orders, 425, worth nearly £4.5bn (nearly $9bn) have been placed with manufacturers in the U.S., with Boeing claiming the biggest share, at 325 jets, worth more than £3bn (over $6bn). Many further contracts are known to be in negotiation for signature before the end of the year. By year-end, therefore, Boeing seems likely to have had its best-ever year, beating even the boom years in the mid to late 1950s when the jet era began.

Of the Boeing total of 325, no less than 101 aircraft were short-to-medium range 727 tri-jets, confirming that aircraft's place as the world's best-selling jetliner (with orders for more than 1,500 placed since production began in the 1960s). Another 80 were short-range 737s, and 74 were 747 Jumbo jets of various versions. In addition Boeing collected its first orders for 30 wide-bodied short-to-medium range 767s, and for 40 narrow-bodied twin-engined 757s.

Also in the U.S., Lockheed of Burbank, California, has logged firm orders so far this year for 21 TriStars, worth over $800m, while McDonnell Douglas of Long Beach, California, has collected new orders for 37 DC-10s, worth over $1.5bn, and 40 DC-9s, worth close to $500m. In each case, these orders include spares which puts the overall value of the contracts up considerably, while in some cases there are also undisclosed options which may eventually emerge as firm contracts, but which are not included in the figures given.

In Europe, the biggest deals so far this year have been achieved by Airbus Industrie, the consortium building the A-300 wide-bodied Airbus, for which new firm orders and options for 65 aircraft have been won in 1978, while orders and options for the new smaller 200-seat A-310 have already amounted to 60 aircraft, collectively likely to be worth over £2bn, if the options and spares are included.

So far as the UK is concerned, the biggest deal so far this year is that signed between British Aerospace and Romania, for the eventual sale to that country, as well as the manufacture under licence there, of up to 80 One-Eleven short-to-medium range twin-engined jets.

No precise value has been placed on the One-Eleven deal, but it is likely to amount to several hundred million pounds through the 1980s, both for British Aerospace itself in the provision of complete aircraft and parts for assembly in Romania prior to full licence production there, and for Rolls-Royce, which makes the Spey engine for the airliner.

Behind these major deals, there have been continued sales in Europe of smaller numbers of such aircraft as the Fokker-VFW F-28 twin-engined short-haul airliner, while business jet aircraft have also continued to sell strongly, although the latter are not included in the figures.

Collectively, this situation clearly indicates that the doldrums of the mid1970s are now over, and that world air travel, and with it demand for jets, is moving up again strongly. The International Air Transport Association, representing over 100 of the world's biggest scheduled airlines, says that for the first seven months of this year, North Atlantic traffic was up by nearly 20 per cent, to 6.9m passengers, with economy passengers accounting for close on 6.5m (up 19.9 per cent) and first-class 413,000 (up 15.7 per cent).

The IATA is forecasting an overall growth on scheduled services world-wide of 8 per cent a year up to 1983, with some regions growing faster than others—traffic between Europe and the Middle East, for example, will grow at 14.8 per cent a year, and that between Europe, the Middle East and Africa at about 12.1 per cent.

This growth is not entirely due to the introduction of cheap fares. The IATA says that on the North Atlantic, only 2 per cent of this year's growth can be directly attributed to cheaper fares. The rise in traffic from Europe to the U.S. was 19 per cent, but that from the U.S. to Europe was only 8 per cent, indicating that currency movements had some part in stimulating traffic. Another factor is that the scheduled airlines' traffic improved at the expense of charters, which fell by over 22 per cent in the first seven months.

But the biggest growth in air travel is taking place in the countries of the Third World, where the aircraft is playing a major role in promoting economic and social development. As a result of this, a substantial proportion of all the new orders placed so far this year—about one-third—has come from airlines outside North America and Western Europe, and all the manufacturers believe that this trend will continue.

The manufacturers also are confident that the current revival in demand for airliners is likely to be sustained, unless some unforeseen international debacle, like another oil crisis, occurs. All the manufacturers have made forecasts which, although they may vary in details, all broadly confirm a continued strong upward trend in demand through the 1980s.

Boeing, for example, is suggesting a market by the mid-1980s of some £42bn ($84bn) for about 4,500 aircraft, while British Aerospace suggests that the market up to 1995 will amount to over £68bn, for more than 6,400 aircraft, but this figure not only covers a longer period, but also a wider range of types of jets, including small feeder-liners and business jets.

One factor which may help to stimulate jet airliner sales in the immediate future is the U.S aviation regulatory reform Bill, now law, which provides for much greater freedom for the U.S. airlines to set fares levels to stimulate traffic, and to operate new routes to a limited extent without Civil Aeronautics Board approval.

Just what the impact of these changes will be is not known, but most U.S. airline observers believe that eventually they will stimulate competition, boost traffic and result in some more equipment purchases.

Alitalia, Italy's national airline, confirmed it is buying eight A300 B-4 Airbuses and five Boeing 727-200s as part of a $3.1bn investment programme spread over the next 12 years. The medium-range Airbuses, for use on Alitalia's European and Middle-East routes, will be delivered during 1980, and Boeings in 1980 and 1981, Reuter reports from Rome.

Delta Air Lines has ordered five Lockheed L-1011-1 TriStars and obtained options to purchase 15 more at a total cost of more than $500m. Delta said the five firm orders were for delivery in 1980 and 1981. The others are for delivery between 1982 and 1984, AP reports from Atlanta.

Saudis view desalination tenders

By Jamie Buchan

JEDDAH, Oct. 30

KRAFTWERK UNION (KW[U]) of West Germany has emerged the lowest bidder for the larg[est] desalination plant so far plann[ed] in Saudi Arabia, the compa[ny] has confirmed in Jeddah.

KWU has bid SR 3.47[bn] ($1.06bn) for the construction [of] phase two of the desalinati[on] project at al-Khobar on the G[ulf] coast, according to indust[ry] sources here. Al-Khobar II w[ill] produce 50m gallons a day a[nd] generate 500 MW of electricit[y].

Surprisingly, the KWU bid [was] nearly 30 per cent lower than t[he] tender of a Japanese consortiu[m] led by Toshiba and includi[ng] Hitachi, Mitsubishi, Ishikaw[a]jima-Harima Heavy Industrie[s], Sumitomo and Niigata. Accor[d]ing to the sources, the Japanes[e] group bid SR 4.9bn whe[n] tenders were taken by th[e] Saudi Saline Water Conversi[on] Corporation at the end [of] September. Much closer to t[he] German figure were tenders su[b]mitted by a consortium led [by] Technip of France (SR 3.5b[n]) and Gruppo Industrie Elettr[o]mechaniche of Italy (SR 3.75bn).

In Tokyo earlier this mon[th] Toshiba blamed the appreciati[on] of the yen against the Saudi riy[al] for the group's high tender. B[ut] industry sources doubted th[is]. Since the beginning of the ye[ar] the yen has climbed some [...] per cent against the riyal.

Competitors argue that t[he] major expense in the Japane[se] tender is the high estimate f[or] civil works—35 per cent of th[e] total against KWU's 20 per ce[nt] —a project component which [is] not as immediately affected b[y] shifts in currency values as, f[or] example, the import [of] machinery for the project.

Earlier this year Japanese com[pa]nies bid successfully to supp[ly] 25m gallons per day [of] desalinated water to the tow[ns] of Yanbu and Medina.

Competitors note that th[e] Toshiba statement may b[e] directed at the Japanese Govern[]ment, whose recent and unpre[]cedented declaration of willing[]ness to support Mitsubishi in construction of a petrochemicals plant at Jubail may have encour[]aged other Japanese firms t[o] seek its assistance.

Austrians win hangar contract

By Rami G. Khouri

AMMAN, Oct. 30.

THE AUSTRIAN firm Voest Alpine has won a $16m contract to build three aircraft hangars at the new Queen Alia Airport under construction South of Amman.

The steel hangars will be able to accommodate three wide-body aircraft each and will be constructed within two years.

HOME NEWS

FT weekly business magazine launched in U.S.

... FIRST edition of the ...ncial Times new business ...azine for North America, ...ncial Times World Business ...kly, was launched in New ... yesterday with a prediction ...ccess by Mr Peter Jay the ... Ambassador to Washington. ...aking to a group of 200 ...a and advertising executives, ...Jay said that, having had the ...rtunity to study the Fin...al Times when he was a ...nalist on its rival publication, ...s Business News, "I know it ...ing to be very successful."
...rlier, Mr. Alan Hare, chair... and chief executive of the ...ncial Times, said that World ...ness Weekly was designed to ... gap in the American market ...ich needs more international ...ness news, edited especially ... Americans, than it is cur...ly receiving."

...ncorde

...ited in London by Financial ...s assistant editor, Mr Joe ...dy, the content of the ...azine is distilled largely from ... daily Financial Times and ...lemented with reports ...ed to be of special interest ...merican business. Completed ...s of the magazine are made ... London, filmed and flown to ... York by Concorde each ...ay for printing and national ...ribution over the weekend.
...e magazine is printed on the ...familiar pink-coloured paper ...h market research has ...cently revealed is preferred ... white paper by the ...rican reader. Selling for ...—or an annual subscription ... of $100—World Business ...kly's first edition ran to 84 ...s, including 30 pages of ...ertising.

Tanker captain to give evidence

...EK oil tanker captain Mr. ...ncelos Kalogirou is to give ...ence to the Greek Embassy ... London this week. The ...ear-old captain, who was in ...mand of the Christos Bitas ...h spilled oil off the British ...t, will make a statement ...y or tomorrow.
...wo inquiries—one British and ... Greek—are being held into ... incident.
...hree of the tanker's crew ...erday gave evidence at the ...bassy as the doomed tanker ... towed to the spot where it ...ne sunk.

Hauliers disagree with commission over rates

BY IAN HARGREAVES

ROAD HAULIERS cannot be expected to keep their rate increases in line with general inflation in the next year, as the Price Commission has suggested, according to a leading haulier.

Mr. Peter Thompson, chief executive of the state-owned National Freight Corporation, said the industry needed to earn on average, at least 3 per cent over the prevailing rate of inflation in price increases next year, to recoup margins squeezed in previous years.

He welcomed the analysis in the body of last week's Price Commission report on the industry, but said its conclusions did not follow from the analysis.

The report's central recommendation, that the Prices Secretary should act to restrict applications for tariff increases above the general rate of inflation, was unrealistic.

National Freight has already submitted to the commission a proposal to raise its rates by between 8 and 10 per cent for the November-May period. The general rate of inflation is running at 7.8 per cent.

Mr. Thompson said the 3 per cent improvement in hauliers' real returns was vital if the industry was to meet its real replacement costs. This year, hauliers' costs had increased by 12 per cent, compared with inflation of 8 per cent. Labour costs would be critical in the coming year, and many hauliers were already facing claims of 30 to 40 per cent.

"If our 1979 cost increases are kept in line with general inflation, that will help of course, but it still will not make up the 3 per cent lost ground," he said.

He was pleased that the report confirmed certain features of the industry: that it was competitive, that its customers were satisfied with the levels of service and that there had been important productivity gains through higher speeds and bigger vehicles.

But, in arguing that greater operating efficiency could avoid the need for tough pricing action, the commission was being over-optimistic. "Our experience in the last three years is that strenuous efforts to improve productivity have not improved margins by more than 1 per cent," he said.

The areas for improved efficiency suggested by the commission showed lack of appreciation of what had already been achieved.

In arguing that the 30 to 40 per cent of vehicle mileage run with no payload was a sign of inefficiency, the commission ignored the fact that planning for return loads was uneconomic on journeys less than 80 miles. The average journey in the industry was 40 miles.

Some improvements were possible and National Freight was working on a computerised load booking system which would be available to the industry from 1980 onwards, but the savings involved were marginal.

In calling for more night-time deliveries, the commission was not taking account of the clear preference of customers, which was based upon economic advantages. Experiments in night deliveries had been tried and had failed.

Equally, the suggestion that lorries should be used more intensively in seven-day week working ignored the fact that the industry's wage structure meant that Sunday working would involve 7 per cent higher costs, even allowing for savings on overheads, and therefore, a customer premium for the service.

Lorry row after memo leak

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

ANTI - JUGGERNAUT campaigners seized with delight yesterday upon the Department of Transport's latest faux pas in the debate over whether Britain should increase the maximum permitted weight of its lorries.

Behind the row is an internal department memorandum from Mr. Joe Peeler, Under Secretary in charge of freight, responding to an inquiry from more senior civil servants about the desirability of some form of public inquiry on the lorry weights question.

The document starts from the assumption that the Government wishes to raise the present 32-ton gross limit to 38 or 40 tons "as soon as Parliamentary and public opinion will let us."

Throughout his two years in office Mr. William Rodgers, the Transport Secretary, has strenuously denied that this was his intention. He repeated this denial yesterday. He was said to be fuming at the leaking of the document, which was widely distributed in Fleet Street.

Mr. Richard Faulkner, a member of the Labour Party transport committee and long-established railway campaigner, said the paper showed that the department's officials were so "hand in glove with the road haulage lobby that they are prepared to cast constitutional propriety to the wind."

Inquiry

Mr. Michael Hamer, director of Transport 2000, said there should be a full inquiry into the workings of the department, whose senior civil servants were attempting to rig an inquiry in advance of its establishment.

Friends of the Earth said the memorandum was "much worse than anything we had suspected" about transport civil servants' motivations.

Ironically, the main thrust of Mr. Peeler's paper is that an inquiry should be set up primarily to provide publicity for the road hauliers' case for higher lorry weights.

This would allow road haulage interest to "act cohesively to produce a really good case which should not merely establish the main point at issue but should do good to their now sadly tarnished public image. This would make it easier for the Government to propose legislation (on lorry weights and other matters) in their favour."

The memorandum says that the present British maximum axle weight of 10 tons should be retained, but that there should be a move, if possible in harmony with other EEC states, to a new maximum gross weight of 38-40 tons. Even without an EEC consensus, there was a strong case for action.

The main advantage of an inquiry would be "presentational," to expose the arguments of environmentalists to rigorous cross-questioning.

An inquiry committee would hopefully, the paper says, "come to a sensible conclusion in line with the department's view. Backed by such a recommendation, the Government of the day will be in a stronger position to take action."

The paper does consider the risk of the inquiry "going the wrong way," but concludes that the risk is worth taking in the interests of speeding up the process towards higher weight limits.

It says the scope of the inquiry should be kept as narrow as reasonably possible in order to avoid unnecessary confusion.

The lorry weights question is not, at present, on the agenda for the meeting of EEC Transport Ministers next month.

The Department of Transport refused to comment on the contents of Mr. Peeler's paper and would not confirm or deny its authenticity.

Niarchos accepts tanker

BY OUR SHIPPING CORRESPONDENT

NIARCHOS, the Greek shipping company, has accepted delivery of the supertanker Worldscore from the Scott Lithgow shipyard, Clydeside, and has dropped all litigation over the contract.

The company issued a writ against British Shipbuilders, of which Scott Lithgow is a member, in August after a disagreement about the terms of contract for the vessel, which was nine months behind its planned delivery date.

There was speculation that Niarchos would refuse delivery of both the Worldscore and a 250,000 dwt sister ship being built at Port Glasgow.

Niarchos confirmed yesterday, however, that all outstanding differences had now been settled and that, following final survey in Spain, the ship had been accepted.

The two tankers have had a chequered history. Ordered for the shipyard's own account in 1969, they were taken over by Maritime Fruit Carriers, which collapsed more than two years ago.

The Government has intervened in the affair at various stages to keep the contracts alive, mainly on the grounds of preserving employment in the area.

It is unofficially estimated that the cost to the Government of the £40m order for both ships has been about £15m.

British Airways to offer more holidays

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS, which runs the Sovereign and Enterprise package-holiday programmes, is aiming for a bigger share of the market for foreign holidays next year.

Mr. John Holding, tours general manager, said in London yesterday that British Airways boosted its business by 40 per cent this year and it was aiming for a rise of 30 per cent next year. But he declined to say how many holidays British Airways expected to sell.

The overall UK package-holiday market will be up by about 15 per cent next year, however, to a total of about 3.15m holidays.

One of the airline's main assets in its fight for a bigger share of the overall market is that its holiday prices will be up by an average of only 13 per cent in spite of much steeper price rises in some main holiday centres, such as Spain, where prices will be about 20 per cent higher.

Mr Holding said next year's growth in the market would be due to various factors, including a rise of 5 to 6 per cent in disposable income, pay rises, tax cuts, and perhaps a lower rate of inflation.

Mr. Eric Hall, chief of market research for British Airways, said "The UK has just emerged from the most prolonged period of reduced living standards since the 1930s. The recovery began this summer when consumer spending in real terms rose above the 1973 level for the first time.

"Next year looks like the turning point for the travel industry."

Included in British Airways' programmes for next year is a new insurance scheme to cover holidaymakers against the effects of heavy delays, such as that caused last summer by the French air traffic controllers' dispute.

This scheme will offer holidaymakers either £25 compensation for each 24-hours delay, up to a maximum of four days or £100, or the option of cancelling the holiday entirely with a full refund. The premium, which will cover not only cancellation but also personal accident, medical problems, and loss of cash or baggage, will be £4.25 per passenger per week.

A feature of the Sovereign and Enterprise programmes next summer will also be a wider range of destinations, with more flights from provincial cities.

John Holding: 40 per cent rise in business

Premier presents fellowships

FINANCIAL TIMES REPORTER

MR. JAMES CALLAGHAN, the Prime Minister, last night presented 15 young professional engineers with the first manufacturing management fellowships, awarded by the Engineering Industries Training Board.

The fellowships are the first in a three-year scheme being run by the EITB to attract engineers into managment in the manufacturing industry. The Board hopes to show that professional engineers, given the right training, make good managers, and that the scheme will encourage industry to start its own.

Unlike other industrialised countries only one in five professional engineers and qualified scientists in Britain are employed in production or manufacturing management, says the EITB. Worried by this and the drying up of the traditional supply of managers from the shop floor the Board started the fellowships.

Each of the fellows (in their late twenties and early thirties) has been through an intensive programme run by the EITB. The first six months are spent at Cranfield Institute of Technology, learning the theory and techniques of management, including management accounts, personnel and production planning.

The major part of the fellowship is a year-long project spent in a management post where they can gain practical experience.

Companies sponsoring the fellows include Plessey, Coles Cranes, Lucas Aerospace and Vickers.

Horizon to pay £11m for Boeing 737s

BY OUR AEROSPACE CORRESPONDENT

HORIZON, the country's fourth largest inclusive-tour holiday operator, has arranged an £11m deal for the acquisition of three Boeing 737 short-range jets for its newly-established Airline Division.

Two of the 737s will be bought directly from Boeing, for delivery in spring 1980. The third will be leased from a U.S. finance company and refurbished by Boeing before delivery in March 1980.

Mr. Bob Muckleston, who joined Horizon in August as chief executive of the Airline Division, said his first priority had been to acquire the aircraft fleet. His next tasks would be to give the new airline "a name, a home and to recruit the key personnel."

Earlier this year, Horizon announced its plan to set up an airline and fly both its own holiday customers and those of other tour organisers, to ensure that it was not hit by any shortage of aircraft capacity in the next few years.

British Air Ferries transferred

BRITISH Island Airways, one of the UK's independent airlines, is to take over responsibility for the scheduled services of Southend-based British Air Ferries from January 1, subject to Civil Aviation Authority approval.

The transfer, due to the rising costs of short-haul operations, will be achieved by British Island, a member of the British and Commonwealth Shipping group, becoming joint holder of all the British Air Ferries' scheduled service licences. As part of the transfer, British Island will also take over 140 staff and six Herald airliners from British Air Ferries.

HOME NEWS

Drive to boost micro processor

BY MAX WILKINSON

THE GOVERNMENT will set up a three-year programme of seminars to persuade industrialists of the advantages of applying microprocessors to their products and manufacturing techniques, it was announced yesterday.

Mr. Eric Varley, Industry Secretary, said that consultants would be appointed to work with the National Computing Centre, to mount the seminars.

They will be part of the first £15m stage of the Microprocessor Applications Project announced this summer, to stimulate development work with the new devices.

The Government believes that British industry will have to make some rapid changes to adapt to the potential of these miniature computers, which can be about the size of a soapflake and cost only a few pounds each.

Almost every device which includes electrical or mechanical parts could be partly or wholly replaced by a microprocessor. They are already being used to control a large variety of industrial robots, washing machines, *model trains and many types of* radio, television and telecommunications equipment.

In July, two aid schemes were announced by the Government. The first was the £15m scheme for applications: the second a £70m aid scheme for the microelectronics manufacturing industry.

Implications

Mr. Varley said: "My department, together with the other departments principally concerned, have urgently surveyed the most pressing priorities for action by the Government to ensure that the UK keeps abreast of this fast-growing technology, without which we shall quickly be left behind, with potentially grave consequences for employment, our standard of living, and the quality of our social services."

He said the seminars would each last about a day, and it was hoped that 50,000 people would attend them. In addition, it was essential that the sector working parties of the National Economic Development Organisation should assess the implications of the use of microprocessors.

"The impact of the microelectronics revolution on our industry and the economy generally will be so profound that it is essential that its implications are fully explored within the framework of the industrial strategy," said Mr. Varley.

He said he was also asking other Government departments to promote the use of microelectronics in the areas for which they are responsible.

Special efforts were also necessary to ensure an adequate supply of people trained in the techniques of programming and applying microprocessors.

So far, the Department of Industry has received applications for support for 94 projects whose total value would be £14m. Of these, 17 have been approved at a cost to the Government of £1.25m. A further 57 projects are being considered, for which *Government support would be* £2.25m.

A list of 187 authorised consultants has been drawn up. The department is prepared to consider contributing to the fees consultants may charge companies which ask them about the feasibility of applying microelectronics to their businesses.

Heath stands his ground over incomes policy

BY ELINOR GOODMAN, LOBBY STAFF

MR. EDWARD HEATH, the former Tory leader, stood his ground on pay policy last night and repeated his assertion that many members of the shadow Cabinet shared his belief in the need for an incomes policy.

Appearing on Granada Television's World in Action programme, the former Tory leader became a virtual apologist for the Government's pay policy—in front of an audience of union officials opposed to it.

Although some members of the shadow Cabinet are known to be incensed at the way Mr. Heath is insisting on talking about the differences in the party over pay policy, his determination to press his line has apparently been strengthened by the support he feels to have.

Since the party conference three weeks ago, Mr. Heath has received about 1,000 letters—the majority endorsing his support for a pay limit.

At the end of last night's debate, he scored what must have been a particularly flattering victory over Mrs. Thatcher when Mr. Tom Mullany, a representative of the militant Yorkshire miners, said that if miners had to choose between Mr. Heath and Mrs. Thatcher, they would prefer him.

Mr. Jim Prior, Tory spokesman on employment, said at the weekend he wished Mr. Heath would "cool" the debate on pay policy. He was sure nobody in the shadow Cabinet believed that after three years of rigid pay restraint, a statutory policy was the answer.

Mr. Prior yesterday emphasised the common ground between Mrs. Thatcher and her predecessor. The differences of opinion on pay, he said, were "perfectly encompassable" within a party.

Last night Mr. Heath spelled out his stance on pay policy: a 5 per cent increase in wages was all the country could afford on the basis of production.

A large number of people in the shadow Cabinet, he *maintained*, believed an incomes policy had a part to play in fighting inflation, and the opinion polls showed that about 70 per cent of the electorate agreed.

Mr. Heath again attacked the official Tory line that inflation can best be controlled by the application of cash limits on public-sector wage claims.

He said it was no good hoping public-sector employees would be prepared to accept the limitations on their wages imposed by cash restraints if employers in the private sector were giving bigger increases.

Biffen says EMS would clash with Tory policies

BY PHILIP RAWSTORNE

MRS MARGARET THATCHER is now coming under strong pressure from some senior and influential Conservatives to oppose British Membership of *the European Monetary System.*

In an attack on the Franco-German proposals, Mr. John Biffen, former Tory industry spokesman, last night warned that they would conflict with some of the basic policies of the next Tory Government.

Mr. Biffen's views on economic affairs are largely shared by the Tory leader.

He said: "I do not believe it is possible for Tories to argue a liberal economic, domestic trade and monetary policy at Westminster, and then deny these very tenets by their actions in respect of the European Community.

"We are more likely to lose credibility at home than gain respect at Brussels."

Mr. Biffen's warning follows the severe scepticism towards the EMS proposals already voiced by *Mr. John Nott, the Tory spokes*man on trade

Speaking to Young Conservatives meeting in London, Mr. Biffen said the proposed EMS would require Britain to return to a system of politically fixed exchange rates.

This would cause serious problem for any Tory Government which wished to give monetary policy a key role in its economic strategy.

"Monetary policy is difficult enough to sustain in respect of balancing domestic public spending, taxation and borrowing policies," he said.

Mr. Biffen commented: "One does not have to be an arch chauvinist, steely-hearted monetarist to recognise the very real and serious hazards that are posed by a return to fixed exchange rates."

Such a system, he added, might well eliminate the EEC's "green currencies" and at the same time virtually remove any chance of fundamental reform of the common agricultural policy.

Aid for sterling under the EMS could be channelled through the European Regional Fund. "Does any British Government wish to transfer to Brussels authority for something as politically-sensitive as regional policy?"

Even if the funds were disbursed through British Government agencies Mr. Biffen argued, the effect would be to increase the kind of public spending that the whole thrust of Tory policy was directed towards cutting.

Fabian warning over jobs

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN should stay out of the proposed European Monetary System because it is badly designed and could prove disastrous for employment and production, according to the Fabian Society.

A group of members of the society, an independent Labour Party research organisation, have written a memorandum on the system.

The authors argue that the scheme is unlikely to prove durable, will lead to more rather than less turbulence in foreign exchange markets and would be likely to cause particularly severe problems for the weaker economies in the scheme.

"The effect on foreign exchange markets is likely to be to replace a system where quite small changes in parities occur frequently with one in which larger parity changes occur slightly less often, but after grave disturbance in the exchange markets."

The Fabians argue that if the scheme succeeded in creating a fixed exchange rate in which the pound's value was kept artificially high it could prove costly in terms of lost employment output and investment.

Inflation

They say the ability to change currency parities can still play a vital part in maintaining the competitiveness of industry in the face of Britain's higher inflation rate.

The authors maintain there is no evidence to suggest that locking exchange rates together can bring inflation rates into line without causing massive unem*ployment problems in countries* such as Britain.

They also say there is little risk of a crisis of confidence in the pound if Britain stays out of the scheme because the dollar is likely to remain weak.

● Stockbrokers Sheppards and Chase argue in their new gilt market survey that the growth rate of money supply by the end of this year will still be faster than would be permissible in a successful European Monetary System.

The brokers say that if the system is successfully to stabilise European currencies it will primarily require not exchange intervention but harmonisation of monetary policy. The nine EEC members are far from such harmony.

Mulley denies big rift with Chiefs of Staff

BY MICHAEL DONNE

REPORTS of a big rift between Mr. Fred Mulley, Secretary for Defence, and Chiefs of Staff of the armed forces, were denied by Mr. Mulley yesterday.

He stressed that there was "no truth in the allegations or in the assertions of a serious lack of confidence between the Chiefs of Staff and myself."

The allegations were contained in a report that suggested the Chiefs of Staff had drawn up a document, "The Way Ahead," which comprised a catalogue of complaints about poor equipment and manning levels, in an attempt to bypass Mr. Mulley and *put their case to the Cabinet and* the country.

Mr. Mulley made it clear that the document had been prepared with his knowledge and that of other Ministers, as part of the Defence Ministry's normal forward defence planning, and that it yas not a catalogue of complaints.

The document is secret and its detailed contents will not be published, but it is understood to stress that Britain might find it difficult to buy everything it needs for defence in the years ahead.

European electronic market 'to rise 17%'

Financial Times Reporter

THE WEST European electronics market is predicted to grow 17 per cent this year compared with 1977, according to figures published today.

They suggest that the total market in 1978 will reach $48bn, and that the growth next year could be even faster.

Average growth is then expected to settle down to 6 per cent a year until 1982, when it is predicted that the total market will be $62bn at 1977 prices. The study, by Mackintosh Consultants, covers trade, production and markets in 13 European countries.

It says the fastest growing national market is likely to be France because of the government's extensive re-organisation of key manufacturing sectors. These include concentrating production of electronic telecommunications equipment *with the Thomson-Brandt* group. The study suggests that the French telecommunications equipment market will increase from $8 bn in 1977 to $13.5 bn by 1982.

Sales growth

The largest market will be in Germany, which is expected to increase from $11.6 bn in 1977 to $17.2 bn in 1982. The report shows that West Germany had a $1.23 bn balance of trade surplus in electronic goods in 1977 with exports of $5.58 bn.

The UK, on the other hand, had a balance of trade deficit of $314m with imports of $3.11 bn. West Europe as a whole had a slight trade deficit in electronic goods with exports of $20.2 bn and imports of $21.5 bn.

The two fastest growing sectors were computers and communications equipment, which both showed a predicted sales growth about 24 per cent higher in 1978 than 1977.

The integrated circuit market in Europe reached $1 bn for the first time in 1977, and is expected to grow by 15 per cent in 1978. It is expected to reach $1.6 bn by 1982.

Mackintosh Electronics Yearbook (1979), Mackintosh House, Napier Road, Luton £75

Nurses air health service worries

BY LISA WOOD

REPRESENTATIVES of 111,000 nurses last night met Mr. David Ennals, Social Services Secretary, to put their grievances on money, manpower and morale.

Earlier this year the Royal College of Nursing, which sent the eight-strong delegation, accused Mr. Ennals of being complacent about deteriorating standards in the National Health Service. The attack followed a speech he made at the college's annual conference in Harrogate in June when he said that health service growth this year was higher than the average during its 30 years.

Mr. Ennals later admitted that the service needed more money, staff and facilities and yesterday's meeting was the result of a conference resolution calling for a "vigorous and frank exchange of views on the problems of the National Health Service."

The meeting coincided with pressures from other quarters. Union branches representing 250,000 hospital ancillary workers have drawn up plans for action against the Government's 5 per cent pay policy.

The nursing crisis, highlighted this weekend when Great Ormond Street Hospital London had to stop admissions because of lack of nurses, comes as hospitals are struggling to get back to normal after the six-week maintenance supervisors' dispute.

The delegation said they would be telling Mr. Ennals there is an increasing threat to patient care because of the shortage of nurses.

Numbers have risen but low pay, National Health cash shortages and longer holidays have meant fewer nurses on the wards in many hospitals.

The RCN is worried by the large drop in student and pupil nurses caused by nursing schools cutting their intake to save money. About 4,500 fewer nurses entered training this March compared with last year—a cut of nearly 17 per cent.

The college stresses that while pay will be discussed it will not be the main topic.

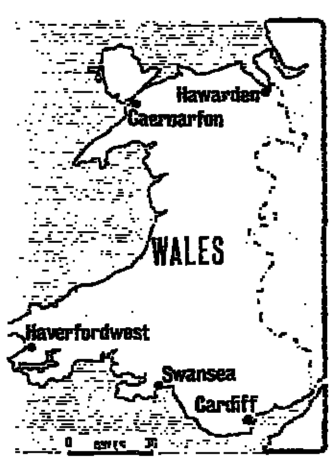
Mr. Ennals is seeking ways of making the Whitley Council system, through which NHS pay is negotiated, work more efficiently and eliminate the need for industrial action, it was announced last night.

The Minister is likely to ask a working party of trade union, doctors' and nurses' leaders, who last week produced proposals for sorting out local non-pay disputes in the service, to devise plans for avoiding industrial action over pay.

Mr. Ennals insisted yesterday that pay policy had no important bearing in the six-weeks supervisors' dispute and that both the new grading structure and the bonus payments had to conform with pay policy. The dispute could have been settled under the Whitley machinery, he said.

Treasury backing urged for Welsh 'airbus'

BY ROBIN REEVES, WELSH CORRESPONDENT



THE TREASURY is to be pressed to provide a financial guarantee for a Welsh "airbus" service which would transform communications in the principality.

The service, being actively promoted by the DK Aviation-owned carrier, Air Wales, would link Hawarden (Chester), Caernarfon, Haverfordwest, Swansea and Cardiff twice daily and also link up with Cardiff Airport flights to and from the Continent.

Air Wales says it is ready to introduce the service from next April providing it is guaranteed via public funds against initial operating losses, which could be channelled through the county councils of the five areas.

It proposes using an 18-seater Brazilian Bandeirante aircraft, the same type of carrier it is operating on its Cardiff-Brussels route.

Air Wales is evidently looking for an initial guarantee of £500,000 a year. But the hope is that the Treasury will foot most of the bill through its 70 per cent financing of the Transport Supplementary Grant available to local authorities to subsidise transport undertakings. This would leave the county councils to find only £15-£20,000 each.

It seems that the Welsh Office has already told the local authorities concerned that a joint approach would be sympathetically considered, and a meeting of all interested parties is due to take place within a month to work out *details of the scheme.*

Gwynedd Council, in North-west Wales, is particularly keen on the idea. It foresees the service providing enormous savings in the cost of sending councillors and officials to meetings in Cardiff and being of major benefit in attracting new industry *and commerce to the area*

The county is poorly served by road and rail links but it now has the former aerodrome at Llandwrog, near Caernarfon, which has just been resurfaced by its owners, the Newborough Estate, at a cost of £20,000. A regular airlink would transform the county's communications for business and government overnight.

Two extra stops on the airbus service could be added if plans for new airstrips at Aberystwyth and Newtown, Powys, come to fruition.

The Development Board for Rural Wales is understood to have identified five possible sites in the Aberystwyth area for the type of grass landing strip used by small aircraft in the Scottish Highlands.

Plaid Cymru threatens EEC election boycott

PLAID CYMRU may boycott next June's direct elections to the European Assembly if the EEC continues to give large sums of money to help the Labour and Conservative parties, Mr. Dafydd *Williams, the party's general sec*retary, said in Cardiff yesterday.

The warning follows reports that the two major parties are likely to receive between £350,000 and £400,000 each from the EEC budget, to be spent on general pre-campaign information.

Attempt to ban 'discounts' on beds

BY PAUL TAYLOR

MR. ROY HATTERSLEY, Prices Secretary, plans to ban manufacturers' recommended retail prices for beds in an attempt to end the widespread practice of selling them with apparently large discounts.

In August, the Price Commission recommended the banning of double pricing on beds—a recommended price displayed with an actual price—and the prohibition of recommended retail prices.

Mr. Hattersley's preliminary conclusions, after studying the Commission's report, closely follow its advice and will now be subject to further consultation with manufacturers and retailers before he decides whether to issue an Order under the Price Commission Act.

He said yesterday that there was a wide measure of agreement that the practice of offering substantial discounts on beds *from often arbitrarily-set recom*mended retail prices was unhelpful to the consumer and could be misleading.

In the consultation document published yesterday, Mr. Hattersley said that he proposes to ban the use of recommended retail prices for bedding "whatever the circumstances" and will only allow price comparisons in *restricted circumstances.*

Following his recently announced proposals for a draft Order banning misleading bargain offers, Mr. Hattersley said he needed to act quickly on bed pricing.

Mr. Hattersley said he accepted the proposals would involve significant changes for manufacturers and retailers and he has invited comments before November 17.

Work could start soon on Thames tunnel

By Lynton McLain

WORK ON a £25m tunnel under the River Thames at Woolwich could start next autumn if the Government accepts proposals approved yesterday by the Greater London Council.

The plans are part of the council's attempts to revitalise dockland in London's East End.

The tunnel would follow the proposed Jubilee underground line planned to link London with Thamesmead, east of Woolwich.

British Rail would use the tunnel until London Transport *has Parliamentary and Govern*ment approval for the next two stages of the project. These will cost £280m, but the Government has not given the go-ahead for LT to extend the line beyond Charing Cross.

The GLC is also considering using tunnels to ease congestion *on the south circular road. The* tunnels may be built just below the surface and along the route of the existing road.

Programme

Detailed plans may be included in the council's road programme for the early 1980s.

The GLC London Transport committee approved plans yesterday for the rail tunnel and £6m of associated work.

The committee gave LT immediate authorisation to spend £450,000 on design work and BR was given the go-ahead to spend £100,000 on electrification north of the river—subject to Government approval.

The tunnel would link the railways of north Kent to the North Woolwich line, through Woolwich Arsenal to Silvertown, Custom House, Canning Town, Stratford, Hackney to Dalston.

Woolwich Arsenal is linked to the north bank of the river by a ferry and a pedestrian tunnel. The rail tunnel, if approved, would be operational by 1983.

Credit card launch for Trustee Savings

By Michael Blanden

THE Trustee Savings Banks will tomorrow issue *its first credit* cards.

Trustcard is affiliated with the Visa International organisation. The plan to introduce the card was first announced in January, and the launch is in line with the original timetable.

The Visa organisation has over 2¼m merchant outlets worldwide and more than 100,000 in the UK. The main UK member is Barclaycard, which agreed to handle the processing of Trustcard.

The new service is being promoted by contacting cheque account customers either at branches or in writing, and inviting them to apply for a Trustcard.

The bank said that nearly half of its 8m customers were women who were expected to provide an important source of business for Trustcard. There would probably be a higher proportion of women using the card than other bank cards.

The new card can be used as a credit or cash card, and also as a cheque guarantee card.

Record broken

MINERS at Shirebrook Colliery, Derbyshire, have broken a seven-year weekly output record for the second *time in a* fortnight. Last week the 1,750 men dug 28,100 tonnes of coal—100 tonnes better than the previous week when the 1971 record was broken.

World oil surplus 'misleading'

BY KEVIN DONE, ENERGY CORRESPONDENT

THE WORLD surplus of oil is dangerously misleading and fast running out, Mr. Denys Milne, chief executive of BP Oil said yesterday.

"We are enjoying an Indian summer," Mr. Milne told the Glasgow Chamber of Commerce—but the OPEC philosophy of controlling oil availability remained unchanged.

New energy sources had to be developed soon, because the rate at which new reserves were being discovered no longer balanced the rate of consumption. "The taps may be turned on" he warned, "but the level in the bath is still sinking."

If economic growth in the developed countries reached the high level of the OECD guidelines—about 4 per cent a year—energy demand in the non-Communist world would have doubled by the mid-1990s. In spite of other developments, oil would still represent nearly half of total energy demands by that date.

Among other measures needed *to meet this increased demand,* studies carried out by BP suggest there would have to be an eight-fold increase in installed nuclear capacity in the world.

At the same time, energy from coal would have to increase at about 4 per cent per year to 1995. "This implies that U.S. coal production will double, and that there will be considerable development in the international coal trade including movement of coal from Australia, South Africa or the eastern European bloc."

The contribution made by gas would have to expand by about 60 per cent over the period to 1990, but it would be OPEC supplies that would be needed *to meet the greater part of world* requirements. Gas from the North Sea and from Holland should meet European demand at least until the late 1980s.

If growth reduced the level of the OECD guidelines it was reasonable to expect oil prices to double by the 1990s, said Mr Milne.

Jetstream aircraft prospects studied

BY OUR GLASGOW CORRESPONDENT

BRITISH AEROSPACE is *expected to decide at the end* of the year whether to invest in a relaunch programme for the twin-engined Jetstream aircraft at its Scottish Aviation subsidiary at Prestwick.

If approval is given for investment in design, development and rebuilding of the production line, it could mean up to 1,000 more jobs.

Mr. Lynn Phillimore, managing director of British Aerospace's Scottish division, said that it was examining sales prospects for a re-engined and modernised Jetstream in both military and civilian roles.

The RAF and Royal Navy, which now operate Jetstreams, were expected to show interest in a new version, as were some civil operators in the business and commercial markets.

The aircraft, powered by twin turbo-prop engines, is available *in a number of configurations* offering up to 16 seats, with a likely price range from £800,000 to £1m.

*Scottish Aviation is refurbish*ing 27 Jetstreams for the RAF and RN.

Geoff Duke sells business

BY MAURICE SAMUELSON

MR. GEOFF DUKE, the former world champion motor cyclist, has sold his motor parts wholesale business in the Isle of Man because of his involvement in the loss-making Manx Line ferry service, now owned by James Fisher and Sons of Barrow.

The business, which he started 12 years ago, has been sold to Quinton Hazell, the Leamington-based parts manufacturer, which was one of its main suppliers. Its annual turnover was £300,000.

Mr. Duke, 55, will remain managing director of the Manx Line, which operates the 2,700 ton *Manx Viking*, the first roll-on roll-off ferry between Douglas and Heysham, Lancs.

The £7m service has been dogged by difficulties since it was started in the summer, resulting in revenue losses of more than £1m and passenger fare refund of several hundred thousand *pounds.*

For the past few weeks the vessel has been carrying cargo only. But Mr. Duke said yesterday that it would start to take passengers in the next few days.

Ceramics fetch £89,642

SALEROOM

BY ANTONY THORNCROFT

A CERAMICS sale at Christie's yesterday totalled £89,642. The top price was £5,400 for a pair of Meissen potpourri vases with covers, while Duncan Smith, the London dealer, gave £4,800 for a Berlin plaque. Sculpture and works of art brought in £51,877. Montanaro, another London dealer, paid £2,600 for a German ivory tankard and cover.

At Christie's, South Kensington, oriental ceramics totalled £23,920. A pair of massive Cantonese vases sold for £2,200, and a pair of large Chinese blue and white balustar jars fetched £1,200. Silver added £19,490 with a top price of £900 for a four-piece Victorian tea service.

At Phillips a painting by Heinrich Worpswede, the German artist, made £6,000, well over forecast, in a sale of Impressionist pictures which realised £23,380. The high price is probably because the scene of a house and garden under snow is not typical of the artist. A pen and ink study by Cezanne made £640.

LABOUR NEWS

Rail tribunal rejects ASLEF pay claim

BY NICK GARNETT, LABOUR STAFF

E INDEPENDENT tribunal mining productivity payments British Rail workers has adly rejected a claim by the n drivers' union, ASLEF, r which the union had eatened regional strikes lier this year.

nstead, the Railway Staff ional Tribunal, under the irmanship of Lord McCarthy, industrial relations expert, proposed a special sectional ductivity payment to drivers operate the high-speed train. has also recommended a iness performance pro- tivity scheme, similar to the planned by British Rail for 178,000 blue- and white-collar ployees.

he initial reaction of the ional Union of Railwaymen terday was very favourable.

he proposals, however, run it against ASLEF's claim for cial payments to all drivers line with what it believed to increased productivity since 4. That claim was submitted r special payments were ced for pay train guards who are members of the NUR.

The British Railways Board also had considerable reservations yesterday. These involved the recommendations on future consolidation of bonus payments and on some of the tribunal's detailed proposals on the business performance scheme. The recommendations are not binding.

The tribunal said the general ASLEF claim for compensatory payments in line with those made to pay train guards could not be generally supported on grounds of comparability, productivity, or responsibility.

On responsibility, however, the tribunal said that high speed train drivers should be paid an additional 25 per cent of the basic daily rate for each turn on which they were required to drive at more than 100 mph. This would represent a 13.14 increase for each turn. Most high speed train drivers work such a turn between once and twice a week on average.

The tribunal does not rule out the possibility of the unions justifying similar sectional claims for other groups of staff.

The report accepts some of ASLEF's severe criticisms of the business performance scheme planned by British Rail.

Lord McCarthy proposes a stabilising element to protect the bonus against the effect of great fluctuations in freight traffic. He also recommends acceptance of the principle of consolidating the bonus into basic rates at an agreed time. In addition there would be an improvement above the original scheme, in the proportion of savings going to staff. The scheme would be backdated to April.

In a comparison of business performance between 1977 and 1976, the bonus payments would work out at £2.10 per week for every rail worker.

British Rail said yesterday, however, that on current business performance, the scheme would be worth about £1.80 per week. This would add about £18m to the overall wages bill over one year.

British Transport dockers claim 15% at Southampton

BY PAULINE CLARK, LABOUR STAFF

A MASS meeting of 1,900 Southampton dock workers agreed yesterday to submit a 15 per cent wage claim to British Transport Docks Board in defiance of the Government's 5 per cent pay guidelines.

Southampton docks has been badly hit by disputes since last January. But Mr. Robin Bailey, vice-chairman of the shop stewards committee, said they had as yet no plans for action in support of the new claim.

This was in spite of action being taken by 2,000 Hull dockers, also mainly employed by the BTDB, over a 20 per cent pay demand formulated two weeks ago.

The Hull employers are resisting any attempt to breach the pay guidelines and resumed talks between management and shop stewards yesterday ended in deadlock.

After what management described as "a furious meeting," shop stewards decided to continue an overtime ban which has been delaying shipping since October 16.

In both cases, the dockers have formulated their claims well in advance of the January settlement date.

Singer plan to save jobs

A £75,000 study commissioned by shop stewards at Singer's Clydebank factory has concluded that most of nearly 3,000 jobs threatened by the company's plans to end production of industrial sewing machiens there can be saved.

The study was presented yesterdey by PA Management Consultants to a conference in Glasgow of Singer stewards and union officials—and a delegation from the International Metalworkers Federation in Geneva which is co-ordinating a campaign against the company's plans to reduce manufacturing capacity world-wide.

Although the report is known to outline four options for retaining production of industiral machines and needles at Clydebank, its detailed recommendations are being kept secret until the 4,800 workforce has heard them later this week.

Mr. Gavin Laird, Scottish executive member of the Amalgamated Union of Engineering Workers, said after the conference it was clear there would be fewer jobs at the Scottish factory even if the company accepted the most favourable option.

He added, however, that there would be a very substantial saving on the original Singer proposal for cutting the worforce to fewer than 2,000 by 1982.

Negotiations are expected to be held with Singer's U.S. president, Mr. Joe Flavin, in the next few weeks. The unions involved are also likely to seek considerable Government aid as part of any package to continue industrial machine and needle production.

NGA row threatens Express

By Pauline Clark, Labour Staff

AN INTERNAL ROW in the National Graphical Association is threatening production of the Daily Express on Thursday. It may also lead to truncated editions of the Express Group's Daily Star when it is launched on the same day.

Prospects of the union taking industrial action against Express Newspapers increased yesterday after union members in Manchester refused to accept an executive instruction to renegotiate an agreement involving print workers on the Daily Star.

An urgent meeting between union leaders and Mr. Victor Matthews, chairman of the group, is expected to take place today in a last-minute effort to lift the threat of action by London NGA members. Meanwhile the NGA National Council is standing by for a meeting on the folowing day.

The row has been brewing since last week when the national council threatened Manchester branch officials and members of the Daily Star chapel (in-house union branch) with disciplinary action if they refused to renegotiate a deal which provided 65 new jobs.

The agreement was subject to review after the first 12 weeks of production of the Daily Star, but the national council insisted on a higher staffing level immediately.

Mr. Joe Wade, general secretary, said last night, that Manchester members had not been threatened with expulsion.

The Daily Star is to be wholly produced in Manchester, so there is little that London NGA members can do to prevent its appearance on the launching date.

Glass workers reject pay recommendation

BY NICK GARNETT, LABOUR STAFF

MANUAL WORKERS in the glass container industry have thrown out a recommendation to accept a pay offer which union negotiators claim is already in breach of the 5 per cent.

The offer, the second made by employers in an attempt to secure a settlement for the coming year was accepted by union representatives on the national joint industrial council for glass container manufacturing.

Mass meetings and ballots of the industry's 13,000 manual workforce subsequently rejected the proposals, however, and the unions are now trying to arrange a further meeting with employers to improve the offer.

Individual companies within the manufacturers' association have apparently said that the pay proposals can be justified as being within guidelines.

Officials of the General and Municipal Workers' Union and the Transport and General Workers' Union, the two biggest in the industry say, however, that initial calculations show the present offer is worth about 7 per cent on earnings.

During the presentation of the second offer, the employers made specific reference to the ability of the industry to pay.

Mr. Eddie Newall, national industrial officer for the General and Municipal said the unions had accepted that the industry, which has suffered from imports and over capacity was not as financially healthy as it might be. Nevertheless, the employers proposals did not fall within the 5 per cent limit.

The present offer involves an increase of 7.5p on the existing basic rate of £1 an hour. Shift payments would be improved.

Workers on continuous shift operations would receive a minimum increase of £6.18, and those on day work, £3.15.

ICL urged to review policy

TRADE UNION officials, expressing "repugnance" at International Computer's sales to the South African police, yesterday urged the company to review its trading policy. They also asked it to provide assurances that ICL equipment was not reaching Rhodesia.

The demands were made at a meeting between management and many of the unions represented at ICL in the wake of the recent sale of two of the company's computers to the South African police.

This, and other aspects of ICL's involvement in South Africa were strongly criticised in a pamphlet published yesterday by the anti-apartheid movement.

It also asked whether ICL equipment was reaching Rhodesia in defiance of UN sanctions.

ICL said last night that none of its equipment went to Rhodesia.

BL stewards defer pay-offs decision

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

CARS shop stewards pulled k from a decision yesterday out company proposals for untary redundancies as the ce for moves towards parity ments—the same wage for the ne job.

Nearly 300 senior stewards eting in Coventry heavily eated a resolution that the npany's proposals should be epted. Instead, they voted to ow management to spell out implications to individual nts of the productivity gains t would be necessary.

Under company plans to ieve parity in three stages by vember 1 next year, workers low-paid plants such as Longdge and Cowley stand to gain bstantial increases from torrow.

Toolmakers at Cowley and nghbridge could receive about plus the annual wage award. the company offered 5 per nt, the total increase for illed men would be more than 0.

Such rises seem certain to erode support for Mr. Roy Fraser, leader of the toolmakers' unofficial campaign for improved differentials.

Even employees at the best-paid factories, such as Jaguar, would gain some benefit from a proposed new five-grade pay structure.

BL has made it clear, however, that all parity payments must be self-financing within government pay policy rules. Management is expected to seek about 7,000 voluntary redundancies by the end of the year and volunteers will not be difficult to find.

Once details of the company's productivity proposals have been explained at individual plants, the senior shop stewards will reconsider the position. They seem likely to refer the proposals to a full ballot of the 100,000 manual workforce.

● Inspectors at Alvis, the BL subsidiary at Coventry, have spurned a management promise to back a 20 per cent wage claim, and yesterday voted their strike into a fourth week.

North Sea air supplies threatened

By Our Labour Staff

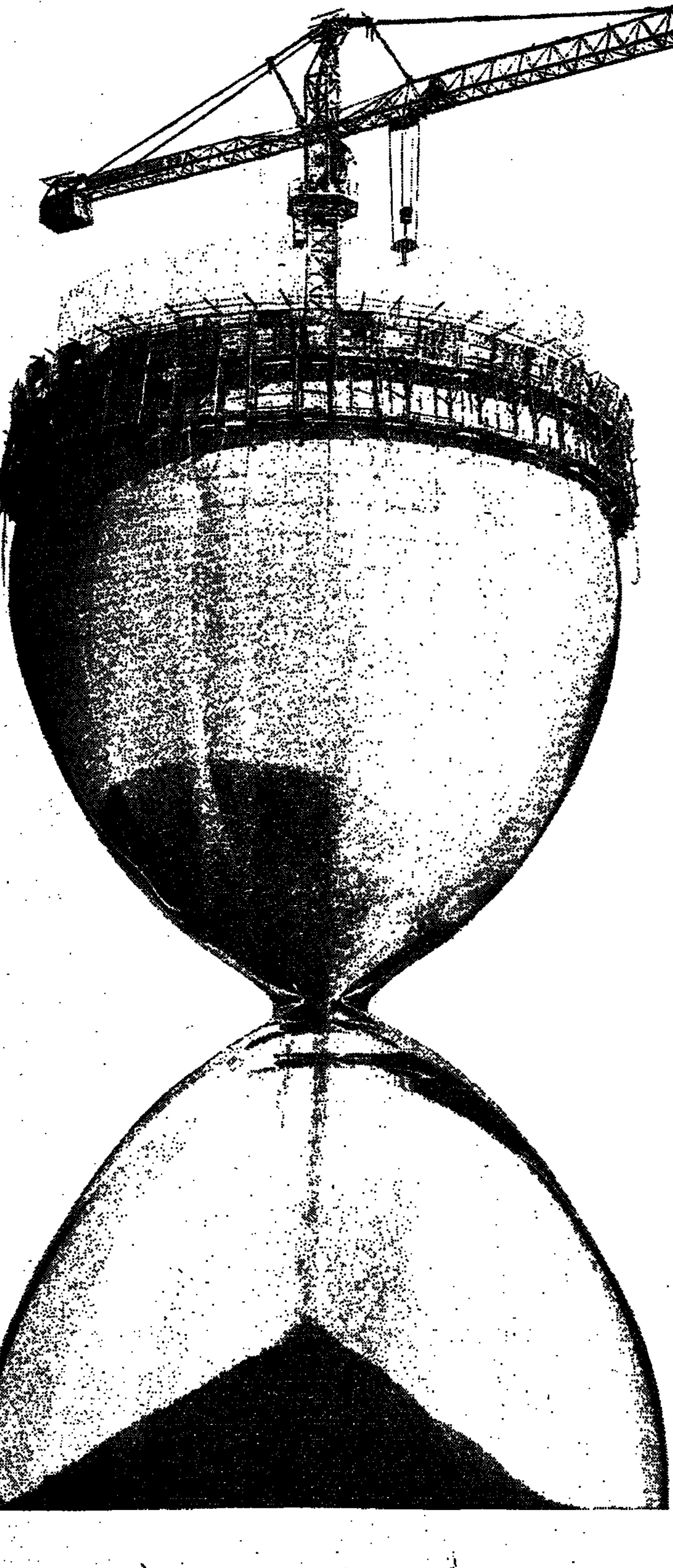
OPERATORS flying supply services to North Sea oil rigs and platforms have been preparing contingency plans following the threat of industrial action by flight controllers and other personnel in the Shetlands.

Air traffic controllers, communications staff and firemen at the islands' Sumburgh airfield, which plays an important role in North Sea operations, are in dispute over special allowances paid for working in the Shetlands.

The staff say the allowances were too low, although the Civil Aviation Authority said yesterday the dispute had not been taken through official channels.

The authority said the staff had been prepared to take industrial action at the weekend but had been dissuaded from doing so. The authority was now discussing the issue with the unions.

Last week the authority warned Bristow Helicopters and British Airways of the possibility of disruption.



Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HEATING

Turbulent flow to lose heat quickly

IN MANY heat exchange applications, the performance of ordinary tubular units leaves much to be desired because of the low tube-side heat transfer coefficients. A British organisation, studying the transfer problem, has come up with a potential solution that can offer reductions in equipment size and weight of some 40 per cent compared with plain tubes.

This development could be of very great importance in the off-shore industries where weight saving on production and other platforms is crucial. It would also be significant in the process and manufacturing industries.

Basis of the Tolltreck advance in heat-exchange techniques is a variety of inserts coming under the general name of Corpak and made in several materials: ferrous, non-ferrous and plastics.

The inserts look like a complicated series of spirals and can either be removable or bonded. Developers say there is minimal pressure loss with the Corpak "turbulator."

Random fill to be used in applications such as vacuum distillation scrubbing, gas absorption and evaporative cooling, is also offered. It gives high interfacial areas, reduced pressure drop and permits a worthwhile reduction equipment size for a given output.

Corpak "pad" describes shaped random fill, intended for phase separation work. It provides good droplet disengagement together with the characteristics of the basic material.

Many loop geometries are available and the material will be made for Tolltreck by Stenrick Engineering of Bromsgrove.

The developer has pilot plant facilities available for customer qualification trials and can engineer complete systems with various grades of the material.

Tolltreck Linkrose, Priory House, Friar Street, Droitwich, ?7 5661.

● STANDARDS

Safety code for walls

TRADITIONAL materials still hold their appeal and it is significant that the British Standards Institution has thought fit to produce a new code of practice—BS 5628 The Structural use of Masonry, Part I Unreinforced Masonry.

This code applies to brick, block, natural stone and random rubble masonry. Its most obvious innovation says the BSI is the use of "limit state" principles, whereby the structure is built much closer to its potential performance than traditionally. This, together with the incorporation of requirements concerning lateral loading and accidental loading, means that designers may now apply bricks, blocks and stone more economically and more ambitiously.

The Brick Development Association, in conjunction with the Institution of Structural Engineers, is holding a series of one-day courses in various parts of the UK to introduce users to the new code.

Fee for the course is £21.60 and details may be obtained from Mrs. C. P. Knowles, The Brick Development Association, Woodside House, Winkfield, Windsor, Berks., SL4 2DX (034 47 3651).

Copies of BS 5628 Part 1, price £7.80 may be obtained from BSI Sales Department, 101 Pentonville Road, London N1 9ND.

● PROCESSES

Purification of water

THE SPECTRUM water purification system from Elga Products is based on the idea of using cartridge de-ionisers on a selective basis to remove the impurities known to exist in a particular water supply.

Used in the appropriate combination the cartridges will treat and raise to any specified purity level almost every type of water.

The most comprehensive of the Spectrum systems is supplied with four modules, a re-circulating pump, interconnecting pipework, conductivity meter and pressure gauges.

The four standard cartridges are SC6 carbon filter, SC1 standard de-ioniser, SC2 nuclear de-ioniser and SC20, a 0.2 micron filter. Used together these units produce the ultimate in ultra-pure water free from bacteria, chlorine and ionised material. It provides water suitable for critical biological work, atomic absorption and radio immunoassay techniques where water in the "parts per billion" impurity range is needed.

Intermittent operation will not affect the quality of the water because the re-circulation pump prevents stagnation and minimises bacterial growth.

More from the company at Lane End, Buckinghamshire (0494 881393).

No danger from gases

FOR HEATING processes involving the emission of corrosive or noxious gases, Townson and Mercer have designed ovens with a door which cannot be opened until all the fumes have been harmlessly extracted through a vent.

The operator must follow a sequence of pressing a button to open the vent for a pre-set period of between five and 300 seconds. A lamp shows when the oven is safe—it cannot be opened at any other time.

There are two models available, types 8-302 and 9-302, with internal volumes of 79 and 143 litres respectively. Each has a maximum operating temperature of 300 degrees C and is heated by a 2½ kW heater with low thermal mass; control is to ±0.25 degrees C at 100 degrees C and the oven recovers temperature rapidly after the door has been opened.

More from the company at 101 Beddington Lane, Croydon, Surrey CR9 4EG (01 684 6262).

Deals with dazzle

THE SURFACE glare on instrument panels, signs, displays (and on smaller items such as digital watches and calculator displays) can now be reduced by a process called Glarecheq which is available from Chequers Engraving, 10, Christina Street, London EC2 (01-739 6964).

This involves spraying a specially formulated transparent matt coating on to the reflecting surface and, apart from lessening surface glare, and because it is harder than acrylic, the thin hard coating is said to make panels and signs more scratch resistant.

The process is available on a custom basis to suit the application: it can be applied over the whole surface or on selected parts only. As a rule of thumb, it costs from 1p to 3p per square inch and the company undertakes to supply free samples to customers' requirements.

● RESEARCH

Ironfounding industry aid

THE Department of Industry's Engineering Materials Requirements Board (EMRB) has approved a three year programme of new work at BCIRA (British Cast Iron Research Association), and will contribute £1,118,000, which is 50 per cent of the cost.

The objectives of the programme are to help the iron-founding industry to provide a better service to its customers, and to improve both the operating efficiency and working condition of foundries.

● METALWORKING

Welding monitor

BOTH CURRENT and elapsed time of welding are shown on liquid crystal displays on the digital weld monitor DWM/2 put on the market by British Federal Welder and Machine Company, Castle Mill Works, Birmingham New Road, Dudley, West Midlands DY1 4DA (Dudley 54701).

The unit can be used in conjunction with the majority of resistance welding machines to determine either primary or secondary weld current in the range 20 to 200,000 amps together with weld times from ½ cycle (10 milliseconds at 50 Hz) to 999 cycles.

Applicable to machines employing either synchronous or non-synchronous controls, the self contained, portable unit memorises readings taken from short weld impulses and holds the reading for several minutes or until manually re-set.

Accuracy is claimed to be better than 2 per cent of full scale, maintained whether or not phase shifted heat controls are used, even down to 30 degrees of conduction angle.

A 115 mm toroidal current transformer, split and hinged, fits over the machine electrodes, but other sizes are available.

● SERVICES

Help for larger users

SHARP price reductions are the order of the day in computer equipment, even for the largest machines, as the successive announcements from companies like Amdahl and Itel demonstrate.

One result is that with the rapid change in the balance of costs between hardware on the one hand and people and software on the other, some users can find themselves in a particularly difficult and vulnerable high-cost situation.

To meet and help solve this problem, Unilever Computer Services has set up a new large user advisory group, drawing together the capabilities senior staff have developed in handling communications, large machine commissioning and operation and the solving of complex technical and commercial problems using large computers.

UCSL is well qualified to offer such support since some 85 per cent of its workload involves data communications. At the same time, it was a pioneer in the introduction of IBM plug-compatible central processors from Itel and earlier this year carried out a transfer of work to a new machine in an unorthodox and extremely rapid manner.

It is particularly active in an area of the computing market which is growing faster than most—network information services this year will be worth about £75m, increasing by some 24 per cent to around £125m in 1981. This compares with an overall services market growth of some 16 per cent. UCSL's aim is for 10 per cent of the 1981 figure.

In the meantime, the company is doing some fascinating work on the analysis and "instant" presentation of complex retrieval problems, which will be of interest to any customer for its new service.

Further details of the new move by UCSL on 01-903 1414.

● PLASTICS

Polystyrene block plant

A HIGHLY automated plant for manufacturing and handling expandable polystyrene block and insulation products has been developed by a Norwegian company, Sunde Plastic Industries A/S. The company is offering its technology as a package, and expects to find a market among EPS block moulders interested in modernising and increasing productivity, as well as other firms considering diversification into EPS production.

In addition to its complete block moulding and insulation panel processing facility, SPI can offer its polymerisation process for production of the raw material, EPS bead, from styrene monomer.

With the fully automated handling techniques SPI has developed only two men per shift are needed to operate a complete process/handling cycle from pre-expansion of EPS beads through to warehousing of finished insulating panels.

Potential capacity per day on two-shift working is 360 cubic metres of EPS insulating materials, fully packaged and stacked in the warehouse. This gives an annual capacity of over 87,000 cubic metres per year, based on two-shift working, five days per week, over a 50-week period.

Items in the new block moulding/insulating products technology package include equipment for automated stacking of blocks, automated cutting of blocks to pre-selected cutting pattern, shrink-wrapped packaging of finished panels, automatic sorting of standard and non-standard packs, transfer of finished packs to automated stacker unit, and handling system to move each stack to a predetermined position in the finished goods warehouse.

Details from Sunde Plastics Industries A/S, 6010 Spjelkavik, Norway.

FAY GJESTER

● IN THE OFFICE

Fast but inexpensive

AN 80-column plain paper printer able to work at 112 characters/sec and available in OEM quantities at less than £400 has been launched in the U.K. by Anadex.

Heart of the machine is a 9 x 7 continuous duty dot matrix print mechanism made at the Chatsworth, California plant of Anadex Inc. The company says that the mechanism has a proven life expectancy of 5m lines of print, with a print head rated at 100m characters of continuous operation.

Acceptable by the machine are RS-232, current loop serial data, or parallel-bit serial character inputs at rates in excess of 1,000 ch/sec. Baud rates for serial data can be selected between 110 and 9,600 by means of internal switches.

The printer is equipped with a 256 character store and an optional plug-in 2,048-character memory can be provided for "dumping" data on to a visual display unit.

Standard ASCII character set in upper or lower case is printed (special alphabets are possible) on multiple copy 9.5 inch (241 mm) wide paper with 0.5 inch sprocket hole margins.

The company is at Guildford Road, West End, Woking, Surrey GU24 9PW (09905 6333).

Plotting at high speeds

A PARTICULARLY high drafting speed coupled with minimum pen rise and fall times and a pen acceleration rate of 4g make the 1055 drum plotter just put on the market by Calcomp one of the fastest to date.

This free-standing unit has a plotting width of 860mm (34 ins) and a maximum drafting speed of 1070 mm/sec (42 ins/sec) which the company claims is over twice as fast as any other drum plotter on the market.

Good plotting quality with smooth curves is ensured by the use of servo drive motors rather than stepper types; resolution is 0.0125 mm (0.0005 ins) and the carriage positional accuracy is ±0.1 mm (±0.004 ins).

The plotter is likely to find its main applications in the production of complex working drawings in the oil industry, service bureaux and in civil and mechanical engineering firms where the size and complexity of products demand the production of large numbers of high quality, multi-colour, drawings in the shortest time.

Calcomp is at The Ring, Bracknell, Berkshire (0344 50211).

● ELECTRONICS

ICL launch in the U.S.

THE NORTH American point of sale electronics market has been entered by ICL, which has just made the first public demonstration of the 9500 system at a retailing conference in Washington.

ICL plans to support its sales with a nationwide service covering installation, training, maintenance and documentation. All the components of the 9500 series are manufactured at the company's plant at Utica, New York and first deliveries of the POS equipment are planned for February of next year.

The 9500 is already field-proven via installations in Canada, Australia, Holland and Finland.

Canadian fashion retailer Dylex, with 520 stores nationwide, has recently ordered 200 of the 9512 point of sale terminals and 170 magnetic data recorders. The first 22 terminals are already in.

More from ICL House, Putney, London SW15 1SW (01-788 7272).

● COMPONENTS

Fire door is all-alloy

SAID TO have a full half-hour fire rating (constructed and tested to the requirements of BS476) is an all-aluminium fire door from Kawneer UK, Astmoor, Runcorn, Cheshire.

Available in natural aluminium and a choice of four Permanodic hard colours—three shades of bronze and black—it has door leaf stiles and the perimeter is sealed with intumescent fire-resistant sealant. The company sees hotels, offices and hospitals as particularly important markets for the door.

● INSTRUMENTS

Compact recorder

CONTAINED in a robust diecast case measuring only 92 by 143 by 152 mm and weighing 1.8 kg, the Series 225 humidity and temperature recorder from Havant Instruments gives continuous readings on a strip chart.

Loaded with a 63 feet roll of pressure sensitive chart paper the instrument can go on recording for two months provided that a mains supply is to hand. The paper is marked with rectilinear grids for easy reading.

Working ranges are 15degC to 35degC and 10 to 90 per cent relative humidity. A Fahrenheit calibration can be supplied.

Accuracy of temperature readings is ±0.5degC and of the humidity readings ±4 RH between 20 and 80 RH at 25degC. Both parameters are sampled at eight second intervals.

More from the company at Unit 1, Westfields, Horndean, Hants (0705 596020).

FINANCIAL TIMES SURVEY

Tuesday October 31 1978

London Metal Exchange

As the London Metal Exchange begins its second century of existence there is growing discussion of its role both within and without the institution. But there is no doubt that its position in the commodities arena remains largely unchallenged, witness the decision of the American copper producers to use its quotations.

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By John Edwards
modities Editor

; LONDON Metal Exchange entered its second century some significant changes could have important re- ussions in future. The most ous innovation was the in- uction at the beginning of ber of the long awaited ninium futures market. The ching was the culmination iany years of talk. The new ract was finally introduced ite fierce opposition from aluminium producers, who tinue to resent the potential at to their pricing system.

ickel producers too are now nting a campaign against a posal, currently being lied by a special sub- mittee, to start a nickel ures market too. No deci- n has yet been made whether not to go ahead with the kel project. But meanwhile re have been several other portant developments during past year.

Last week saw the election as a ring-dealing member of *the bullion brokers, Sharps* Pixley and Co. This showed recognition by the bullion market of the growing importance of the Metal Exchange silver contract, launched in 1968 in the face of strong opposition at the time from the bullion brokers who had previously provided the only silver market in London.

A significant step was also taken by the re-election as a ring-dealing member of Maclaine Watson in the knowledge that it would then become a subsidiary of the big U.S. based commission house group Drexel, Burnham and Lambert. Some members feel that this could well open the door for entry into membership of a new breed of companies representing the growing participation in the market of non-trade interests, mainly concerned with preserving the value of their "paper" money funds by going into metals. Each application for membership of the Exchange has to meet strict criteria, and receive over 50 per cent of votes for re-election and 75 per cent if a non-member. But the precedent may well have been *set to spread membership of the* "ring" into a wider sector, even though Drexel claims to be a special case compared with other brokerage houses in view of its connections with European trade interests.

Another innovation, which could bring profound changes in the structure of the Exchange, is the monitoring system that is *scheduled to start a trial period* on February 26 to come into full operation on June 1.

The monitoring system is the compromise offered by the Metal Exchange to meet pressure, including from the Bank of England, for the introduction of a clearing house to improve the financial stability of the market.

Basically, the monitoring system is aimed at avoiding the build-up of potentially dangerous situations by providing more comprehensive information about members' dealings. A side effect is that members' guarantees will in future be more closely linked with their volume of business.

The outlook for business on the Metal Exchange is now looking brighter after a long period in the doldrums. There are definite signs that the surplus of supplies that has so depressed copper and zinc prices in the past few years is gradually disappearing bringing a much firmer undertone to the market. Tin prices have again hit record levels, because of an acute scarcity of supplies, and lead prices recently surged spectacularly upwards close to the record levels reached in early 1977. All markets promise to be rather more active next year than in 1978 unless there is a major industrial setback in the U.S. and world economies. Production cutbacks because of low prices have brought shortages in concentrates of copper and lead, which are starting to affect output of the refined metal supplies. Tin is already in shortage, and the huge surplus of zinc has been reduced sufficiently to enable producers to regain control of the market to a large extent.

The dealing ring at the London Metal Exchange.

But the virtual collapse of the European zinc producer price, at which the bulk of zinc is sold under direct supply contracts between producers and consumers, means that the Metal Exchange "free" market for zinc has gained considerably greater status and is likely to remain the best indicator of price trends, even if remaining *only a source of residual supplies.*

Another triumph for the free market system, epitomised by the Metal Exchange, was the decision in May by Kennecott, the largest U.S. copper producer, to abandon its traditional allegiance to a producer price and switch instead to basing its prices used for supply contracts on the New York Copper Exchange (Comex) *daily spot* quotations. This radical change in attitude by one of the previous most fervent supporters of the producer price concept, was soon followed by another leading U.S. producer, Anaconda. Other producers in the U.S. have been forced to adopt a far more flexible pricing system more dependent on changes in the free market, where the Metal Exchange wields the dominant influence.

This move away from producer pricing comes at a time when politicians and Governments throughout the world are committed to seek for more stabilisation in raw material prices, including metals. But the failure, for example, of copper producing and consuming countries even to agree on setting up a consultative study group indicates that there is still a long way to go before any international copper agreement to regulate the world market is remotely possible.

Indeed most traders, and even *many politicians*, believe that the problems and conflicting interests in the world copper market are too difficult to bring together and that it is unlikely any international agreement will be concluded, despite the *strenuous efforts* of the United Nations Conference on Trade and Development under its integrated commodities programme.

With the prospect of a copper agreement fading into the background, and lead and zinc producers increasingly reluctant to be seen controlling prices in case they are deemed to breach anti-trust regulations, the Metal *Exchange is currently freer to* reflect supply and demand forces than it has been for a long time. It was this new fredom, and move away from the producer price concept, that encouraged the Exchange to persist with the introduction of its aluminium futures market despite bitter protest from the producers and some pressure from the UK Department of Industry against the idea. Similar opposition is expected if it is eventually decided to go ahead with a nickel futures contract. But the Metal Exchange claims it is providing an international pricing, and hedging, medium that should not be unduly influenced by domestic interests.

The Exchange claims to provide the "real" price of any commodity by reflecting all interests. However, the chaos in the foreign exchange rates, and particularly the value of the dollar which provides the base price for most metals traded worldwide, has meant a huge inflow of investment funds using raw materials as a safety net against a decline in the value of "paper" money.

Such is the volume of funds fom "investors" (speculators) that it sometimes overwhelms trade influence causing artificial *fluctuations in price movements* and bringing criticism of the Exchange as being a gambling den. This extra liquidity from speculators brings fresh funds into the industry as well as improving the hedging facilities required. But speculation, especially when it has excessive influence on prices, is bitterly resented on occasions both by *producers and consumers, as well as governments.*

If current predictions of shortages developing are correct the trade should be playing a more active role in the Exchange as the surplus stocks dwindle away and consumers are forced to look for alternative supplies from the Metal Exchange. 1979 could well be the prelude to the expected explosion in base metal prices during the 1980s.

Meanwhile, the decision to go ahead with the aluminium futures contract, and the move to broaden the ring-dealing membership to take into account more modern developments, should enable the Exchange to cope better with likely challenges to its reputation as the leading pricing medium for non-ferrous metals.

Plan for monitoring

THE PROPOSED system for monitoring dealing transactions on the London Metal Exchange (LME) is expected to be in action by the middle of next year. The system will "go live" by the end of February and after a trial run lasting three months is scheduled to become fully operational on June 1.

The plan is for the 30 or so member firms to supply details of transactions daily to the International Commodities Clearing House Company whose computer will process the information overnight and lay it out for inspection on the following morning. The inspector, or monitor, will be a qualified accountant who will spend something like 15 minutes running a trained eye over the computer print-out looking for signs of excessive speculation.

Plainly the proposals fall some way short of a full clearing house system, but in the circumstances, and given the polarisation of member views within the LME, they probably represent a fair compromise between the two entrenched camps: between those demanding the imposition of rigid controls and those members who call for the continuation of the present unchecked system. At all events the proposals have the blessing of the Bank of England.

For their part, member firms are unlikely to quibble about the cost of the system. A full clearing house system would dip into members' pockets to the tune of £1½m, whereas the monitoring process is going to cost just £25,000 in a full year. Even with the addition of a further £2,000 to £3,000 for the services of an accountant, it is clear that the LME proposals for joining the 20th century in terms of regulation are nothing if not cheap.

Understandably the system has its critics. "You get what you pay for," said one exchange dealer who was emphatic in his views that the new measures will do little to strengthen the underlying financial weakness of the LME.

Most LME members, or at least those with the greatest influence, have stood out against any form of regulation for all they are worth. This need not necessarily be diehard traditionalism simply for the sake of it. There are very real fears that any attempt to interfere in the workings of the LME will lead to a lowering of dealing levels, and, subsequently, to reduced commissions for member firms.

The new monitoring system, although stopping short of direct, interference in the trading system of the LME is none the less seen by many members as the first step towards a full clearing house with all its attendant financial constraints (notably in the shape of deposits against positions). Those against change point to the compensation fund which is reckoned by outsiders to stand at around £3½m, and to the record of the LME which has functioned for a hundred years with remarkably few scandals.

The pressures for change within the City are probably greater now than at any time in the past, and one by one the institutions that make up the so-called Square Mile to the "new dawning of social, political and moral responsibility." The Bank of England has clearly been concerned for some time that the LME should not be left out of this process.

The authorities main fear is that LME is far too exposed to the prospect of total ruin in the event of any one member running into serious difficulties. The new monitoring system should at least reduce this exposure. In theory, it will single out any member who gets himself into a position of "excess of an allowed open liability limit."

Just what guidelines have been drawn up and at what level of speculation retaliatory action by the monitoring committee would be triggered are not yet known, at least publicly. Nor is it clear at this stage just what the monitoring officials would do if a crisis did emerge. The operational plan at present is for the regulatory committee to be summoned to an immediate meeting once anything untoward is spotted.

It is clear, however, that the new system will have a number of ramifications. Not the least will be a fairer deal for new members of the LME—those who have had to put up substantial guarantees in order to join the dealing ring. A formula is to be prepared to assess the amount of credit each dealing company will be allowed when dealing with other members. The formula will be worked out on a collective rather than individual basis.

Various criteria will apply, including a company's assets, general backing and, especially, the financial guarantees provided. The formula for each of the ring-dealing members will be handed to the independent monitor—the accountant—who will be in a position to check day-to-day dealing levels, both on and off the ring, against an individual company's "excess" formula.

The fairer deal for newcomers to the LME comes at a time of a significant broadening of the exchange's membership. Earlier this month Sharp Pixley and Co. became the first London bullion dealers to join as direct members of the LME ring. Sharp Pixley's membership coincided with the re-election as ring dealers of Maclaine Watson, a subsidiary of the U.S. brokerage house Drexel Burnham and Lambert.

Sharp Pixley is part of the Kleinwort Benson merchant banking group, and one of five London bullion brokers which take part in the daily fixing of bullion silver prices. Its successful application to ring membership is an indication of the growing importance of the market in silver futures which was introduced ten years ago in the face of strong opposition from the bullion brokers.

This Sharp Pixley move coupled with the election of an American-owned ring dealer suggests that the LME's days of relative isolationism are rapidly drawing to an end. Drexel Burnham managed to convince the LME board that ring membership for Maclaine Watson would not automatically create a flood of applications from all the major U.S. brokerage houses. But clearly times are changing.

Adjust

Thus the introduction of a regulatory system for the exchange, albeit comparatively unsophisticated by the standards of other commodity markets is not perhaps the only significant change to which the LME is having to adjust.

For the outside client, of course, the monitoring system offers no more protection than the present procedure. But supporters of the scheme point out that a full clearing house system would not in this respect be inviolate either. There is for example no way a clearing house could deal with the failure of a seller to meet a commitment to deliver physically, since in such circumstances the metal is simply not available.

The point here is that the whole structure of the LME is based on physical dealing, unlike that of any other commodity futures market. Transactions that dealers will have to report under the new monitor do not include those undertaken for cash. There are no fixed statistics to draw from, but some LME estimates suggest that on average a fifth of exchange business is transacted for cash.

Jeffrey Brown

The American counterpart

IT HAS been a big year for the New York Commodities Exchange. Its prestige is much higher, the volume of copper contracts traded could reach 1976 record levels; it is negotiating the introduction of interest rate futures trading and there are discussions on a possible merger with the New York Stock Exchange (NYSE).

The prestige, growth and success of its transatlantic cousin is important to the London Metal Exchange because of the close links between the two.

The big boost to Comex came in May when Kennecott, the biggest copper producer in the U.S., decided to abandon its traditional producer pricing system—under which producers fix the price at which a metal is sold—in favour of a "free market" system based on the cost of the copper sold on the daily quotations for copper at Comex. Kennecott was previously one of the main supporters of the producer price system.

The U.S. producers had been able to maintain a producer pricing system (while the rest of the world relied on the LME free market as a pricing base) because the metals industry is far more integrated in the U.S. than elsewhere. U.S. mine producers own a large chunk of the fabricating industry that normally buys metals for semi-manufacturing into the shapes and alloys sold to manufacturers or consumers. The producers had in other words a large captive outlet for their copper which gave them in turn a much greater power over selling price. But the big metals surplus in the world during the past four years of poor industrial activity had brought intensely competitive conditions to the U.S. market.

Copper imports into the U.S. doubled in the first half of this year to over 325,000 tonnes as a result of the lower world price compared with the U.S. producer price. Kennecott, faced with mounting stocks and an urgent need for improved cash flow to help fight off an unwelcome takeover bid, decided after much heart-searching to switch to free market pricing.

The move successfully recaptured for Kennecott its lost sales and to some extent blocked the growth in imports. Other U.S. producers fell into line although some opted for more flexible producer prices rather than the full Comex-based pricing arrangements.

Soared

For Comex the change has been momentous. Its prestige has soared because it, rather than the producers, is now the basis on which prices are calculated, and the volume of business has also jumped significantly.

Kennecott made its decision in May and other producers came into line in late June and July. Consequently the volume of contracts exchanged in August was the highest single monthly figure ever. The daily volume of contracts traded has jumped and it looks as though the total for the year will top the 1976 record volume of 1.25m.

At about the time the copper market was taking off Comex submitted draft interest rate futures contracts to the relevant authorities and asked the Commodity Futures Trading Commission (CFTC) for permission to begin trading. But the official deliberations have been rather protracted and it is unlikely that the green light will be given this year.

The move follows the success of the Chicago Board of Trade's three-year-old interest rate futures market; contracts submitted include "Ginnie Mae" (Government National Mortgage Association) certificates, three-month and one-year Treasury bonds and two-year Treasury notes.

But perhaps the most exciting development from Comex's point of view is the prospect of a merger with the NYSE. According to top executives of both exchanges the merger talks are still at a very preliminary stage and neither is willing to speculate on the sort of organisation which might result from the merger.

For the NYSE, diversification into commodities will help offset any diminution of its present supremacy based on a 90 per cent share of trading volume in the shares of the largest industrial companies in the U.S. For Comex the merger would boost prestige and open interesting new areas for growth.

Comex has happily ridden the back of the world-wide boom in commodities trading but it is still way behind its major rival the Chicago Board of Trade, whose total volume is more than three times larger and which deals in a much wider variety of products.

Acquisition of Comex by the NYSE would be a short cut to expansion but it would still present a number of problems. Commodities trading is overseen by the CFTC, which is regarded as being less burdensome in the demands it makes than the Securities and Exchange Commission (SEC). The degree of SEC involvement a merger would bring to commodities trading would depend on the construction of the merger arrangements but even a very small involvement would upset many people active in the commodities markets.

But while there may be problems the merger move does have a lot going for it. For a start, most of the big brokerage houses are already members of major commodities and stock exchanges. As securities trading started to tail off in the early 1970s the brokers began to look around for other sources of income and commodities trading seemed ideal since around two-thirds of commodities speculators also trade in securities. A rather more dubious rule of thumb has it that commodity trading does well when securities trading is depressed, so that a diversified broker would still make a good living.

The Comex senior management is quick to point out that the merger moves will not in anyway damage the traditional links between it and the LME, particularly in the copper market.

Metals brokers and traders in London study among other things the closing prices on Comex before they begin their round of calls in London that establishes a rough pre-market price. The pre-market period ends when the LME commences trading at noon. When the five metals have been traded twice the official prices are read from the rostrum and these form a basis of pricing on Comex which opens in the early afternoon London time.

Price variations between LME and Comex are quickly straightened out by traders buying in one market and simultaneously selling in the other. The LME has a further trading session in mid-afternoon and any business that has to be done can be cleared until Comex closes at 19.15 hours London time.

The most important difference between the two markets is that the LME is a physical market. The standard contracts assume the ultimate receipt or delivery of physical metal on due dates. Metal delivered on the LME must be of an approved standard and it is stored in registered LME warehouses on the Continent as well as Britain.

Comex has facilities for physical deliveries also but contracts are usually closed out by a reversing transaction before delivery is required. To some extent it is therefore a "paper" market. But it is the third largest commodity market in the U.S.—the world's biggest industrialised country—as such it is a vital window on U.S. demand.

Terry Ogg

The metal markets

COPPER

NE BASIC statistic highlights he change in the copper market uring the past year. In Janu- ry copper stocks held in the ondon Metal Exchange ware- ouses reached a record total of ver 645,000 tonnes. Last week ese holdings had been reduced 403,000 tonnes.

These figures hide a whole nge of background develop- ents, but they do illustrate learly that the world surplus of opper is disappearing as a sult of cutbacks in production d improved demand, stimu- ted by four years of depressed rices. There is now a shortage f good quality brands of copper Europe, with a large propor- on of the LME warehouse ocks either held in firm hands r of low quality brands. There also an increasing scarcity orldwide of concentrates as itbacks in mine production, ecause of uneconomic prices, egin to bite.

The annual "mating season" etween producers and con- umers negotiating supply con- acts for next year has already egun with Zambia indicating a arp cut in its sales commit- ents for 1979 and heading a ove to establish premium rices, over and above the Metal xchange quotations, for pro- ucer copper supplied to the articular specifications of the uyer.

It is no secret that other ajor supplying countries have dicated that they too will have ss copper available for elivery next year under long- rm contracts. Yet so far opper prices have failed to eflect fully the apparent reduction in the surplus and they still remain at uneconomic levels for most producers; certainly well below the level needed to encourage new invest- ment in the expansion of output that will be required to meet the rise in future consumption.

One reason for this reluctance of prices to rise is that they already had built in expecta- tions of a shortage of supplies developing. Another is doubts about whether the supply- demand balance will continue to improve next year. New production, planned for many years, is due to come on stream possibly the last major increase in capacity for a long period to come. At the same time the fall in the value of the dollar, resumed inflationary pressure with higher interest rates and the recent decline in Wall Street has renewed fears of an industrial setback, if not a fully-fledged recession, develop- ing in the U.S. during 1979. A no-growth, or small-growth, situation in the biggest market for copper would create serious problems for producers, since it is a healthy rise in U.S. consumption of copper that has helped stabilise the market.

It would come at a time when the general miniaturisation of manufactured products, and technical improvements cutting back the quantity of materials required, has already cut back the expected annual growth rate in copper demand from between 4 to 5 per cent to around 3 per cent.

The U.S. copper market has changed dramatically since May when Kennecott, the biggest domestic producer, decided to abandon its traditional pro- ducer price system in favour of basing its prices on the New York Copper Exchange (Comex) free market quota- tions. Kennecott, which has been fighting a long take-over threat, claims that it was forced to do something to become price competitive with imports that had grown enormously resulting in a build up in domestically produced copper supplies. In the first half of this year it is estimated U.S. copper imports soared to over 320,000 tonnes compared with the previous high figure of some 370,000 tonnes for the whole of 1977.

President Carter recently rejected domestic copper producers calls, backed by the U.S. International Trading Commission, for a maximum import quota of 300,000 tonnes a year, and Congress has so far taken no further action on the plan to rebuild the strategic stockpile holdings of copper with purchases of 250,000 tonnes.

But Kennecott's new price competitiveness, joined by other U.S. producers, has effec- tively reduced the flow of U.S. copper imports to a trickle. This trend has been helped by the disruptions in supplies from major exporting countries, notably Zambia, Zaire and Peru, who earlier this year agreed to a joint cutback in production of 15 per cent in order to stimulate prices.

In fact the cuts in supplies were forced on them. Transport problems, and shortages of skilled labour and equipment, have hit the African Copperbelt hard and a further major blow was the temporary invasion of the Shaba Province in Zaire that brought production at the Kolwezi mines to a halt for several weeks.

However, these problems are being sorted out to a certain extent following Zambia's deci- sion to forego its political scruples and start exporting and importing via Rhodesia and South Africa. The re-opening of the Benguela railway also promises to help both Zambia and Zaire improve its exports and shift some of the big surplus of supplies—already committed for sale but not yet delivered —lying uselessly on the Copper- belt. So although prospects for production remain poor, there could be an improved inflow of supplies next year as delayed deliveries finally come out.

Labour problems in Peru, which brought a cutback in deliveries too, now seem to have been settled at least temporarily and threatened industrial action by workers in Chile has also faded away. In Canada, how- ever, the strike by International Nickel workers at Sudbury con- tinues to hit both nickel and copper output.

The key to copper price move- ments in 1979 should, therefore, as always be the likely strength in demand. But there is no denying that the cutbacks in production, and the consequent reduction of surplus supplies, should give the market a much firmer undertone if not bringing a price explosion yet.

John Edwards

TIN

IN IS one of the few metals here prices are expected to ecline next year. A sharp con- rast to this year when values ave surged to record levels, oth in London and Penang, eflecting an apparent shortfall n production to meet demand.

Stocks of tin held in the ondon Metal Exchange ware- ouses are currently at the owest level since at least the 960s.

But the major influence on he market throughout the year nas been the U.S. stockpile—or ather the lack of sales from it. heoretically there are over 70,000 tonnes of surplus tin in he U.S. stockpile, but Congress as to authorise any further eleases.

The Carter Administration as backed proposals to release 5,000 long tonnes—5,000 as its oluntary contribution to the uffer stock of the International in Council and a further 0,000 for sale on the open arket. This would effectively ore than fill the present short- ll in world output, end the arcity of supplies and bring rices back to lower and more asonable levels.

However, despite pressure from the Administration and the powerful steel lobby, the stockpile tin disposal legislation became entagled in political wrangling in the Congress, mainly as to how the funds received should be spent. After many months of delay, the final blow came just before Congress went into recess for the Novem- ber elections.

In a last desperate move the Senate separated the tin dis- posal Bill from other stockpile proposals and tacked it on to the Sugar Pricing Bill as an incentive for the Administra- tion to accept the sugar price proposals. But at the last minute the Sugar Bill was rejected by the House of Representatives.

So unless a "lame duck" session of Congress is held in late November, proposals for stockpile tin releases will have to be presented again to the new Congress that does not meet again until next January.

The Administration has pledged itself to make new efforts to gain approval for stockpile tin releases, especially its contribution to the Tin Coun- cil buffer stock. But it will obviously be many months be- fore any stockpile tin actually becomes available. Meanwhile, consumers must be nervous of repeating this year's perform- ance of letting stocks run down in anticipation of stockpile re- leases and then being forced to come back into the market and pay far higher prices.

However, although the scar- city of supplies has forced prices to record levels, there are no growing doubts as to whether there will actually be a shortfall in production this year. Peter Lai, executive chair- man of the International Tin Council, pointed out recently that the deficit in output was getting smaller and a balance between supply and demand appeared to be developing.

Although there has not been any great surge in new produc- tion of tin, mainly because of the lack of new deposits, basic consumption is now starting to feel the effects of high prices and shortages. So although con- sumers stocks are currently at a low level, and demand still buoyant, the release of stockpile tin next year might be surplus to requirements by that time.

Meanwhile, the squeeze sup- plies continues. A change of policy by the giant Malaysian Mining Corporation, whereby it is responsible for marketing its own output rather than leaving sales to the smelters, means that a lower volume of sup- plies is available at the daily Penang sales. Although this has not reduced the overall out- put of tin available, it does mean a reduction in supplies available to the market making it more vulnerable to supply squeezes.

In the longer term the failure to find significant new deposits of tin to replace the existing reserves that are becoming ex- hausted must lead to higher prices since stockpile releases can only cover shortfalls for a temporary period. The indus- trialisation programme in China also means that the Chinese, like the Russians before them, are likely to turn from being net exporters to net importers.

However, next year should see more violent price fluctua- tions in the tin market, depen- dent on how successful the US Government is in persuading Congress to release stockpile supplies.

J.E.

LEAD/ZINC

HE "SISTER" metals, lead nd zinc, have followed very ivergent paths in recent years. ut at the moment their prices ave been moving in the same irection—upwards.

Lead values recently surged the record levels established early 1977, after the very ld winter in the U.S. boosted mand for batteries at a time hen much of the surplus pply had been taken up by Communist bloc countries, tably the Soviet Union.

On this occasion buying by Soviet Union has once again en a prime influence in push- prices up.

Western world consumers re lulled into complacency by ecasts that the price of lead uld go down in the second lf of the year as a result of luced demand and more than equate supplies. Therefore, ring the seasonably quiet mmer months, consumers re- eed their stocks and ignored rnings from some dealers t production cutbacks in ad, resulting from the severe ductions in zinc output, would ing a shortage of supplies.

The sudden entry of the viet Union, other Communist bloc countries, and Japan, as heavy buyers therefore had a dramatic impact on market prices when it was discovered that there was indeed a short- age of lead, despite the appar- ently historically high stocks in the LME warehouses.

It was found that a large pro- portion of the warehouse stocks were already committed for delivery out, and what was left was mainly the poorer quality brands not suitable for many consumers. At the same time an acute shortage of lead concen- trates, as a result of lead-zinc mine production cutbacks and a recent strike in Peru, has reduced smelter output especi- ally in Japan.

As usual scrap lead supplies have been attracted to the mar- ket by the very high price levels that resulted. But scrap lead is not in too plentiful supply because of the general lack of investment in new machinery and in the construction industry, where recovery of old lead pip- ing and roofs has already slowed down considerably.

Battery makers, who provide the main outlet for lead, claim that there are more than ade- quate supplies of batteries around even to cope with a severe winter. They claim that the shortage of supplies is only temporary and that prices have been artificially inflated by speculators, who will have to take their profits shortly.

They predict, therefore, that as in 1977 prices will soon fall back again to more reasonable levels, although it is conceded these will have to take account of higher output costs. In the longer term they expect a slower annual growth rate for lead consumption, with its gradual reduction as an anti- knock compound in petrol to meet pollution regulations, and changes in battery manufacture requiring less lead.

The big imponderable is the continued strength of Com- munist bloc demand, from China and Russia, as well as whether an improvement in the zinc market will help restore the production cuts that have hit lead output as a side effect.

Zinc prices have been moving up steadily as a result of the cuts in output helping to reduce the huge surplus of supplies that so depressed the market. Last week there was a general move by producers to raise the so-called European producer price, at which the bulk of zinc is sold, from \$675 to \$720 a tonne.

The latest increase was claimed to compensate for the fall in the value of the dollar reducing real returns. But there has been a general improvement in zinc producer returns since the price sank to \$550 a tonne at one stage, although producers claim that they are still losing money at the higher levels.

The reduction in surplus supplies has eased pressure on the LME values, and with the bulk of stocks under the control of producers, prices have gained ground following the uptrend in copper and lead. But zinc con- centrates are still in plentiful supply.

Many dealers and producers are far from confident about the long-term outlook for zinc. These doubts are centred on consump- tion trends, which are seen to be declining in the face of con- tinued competition from rival materials, including plastics and aluminium, and a move away from zinc diecastings, the second biggest outlet after galvanising.

J.E.

Newcomer aluminium

OPPOSITION TO the London Metal Exchange's new aluminium contract is starting to crumble, at least among the merchants in the "free market." These traders, who have bought and sold aluminium on the telephone long before the Exchange, with its open outcry system, became interested in the metal, used to oppose what they saw as the LME's intrusion into their territory. But now they admit that they are looking for ways in which they can use the new contract to make money.

Whether that is enough to ensure the new market's success it is too early to tell. The volume of aluminium traded on the Exchange is still small. Apart from some 5,000 tonnes traded during the morning of the first day (October 2), turnover has settled at about 800 tonnes a day. This compares with about 2,000 to 3,000 tonnes a day in the traditional free market, which continues alongside.

There is also the continuing unabated opposition from the major western aluminium producers to contend with. For instance, the French Group Pechiney, which owns the Exchange ring dealing member Intsel, has forbidden its subsidiary to trade the new contract.

But at the same time the new contract has already had some impact. It has pushed up the price of 99.5 per cent pure metal traded in the free market by some $100 since it started, to about $1,220 per tonne.

Ian Foster, the chairman of the Exchange's committee, the market's governing body which finally made the decision to go ahead with the new contract after some 10 years of discussion, is guarded about the progress of the new venture. He is "not dissatisfied" with its performance in its first few weeks. The price, which has so far moved between £576 and £606 per tonne in the three month position, has been "relatively stable." and turnover has been "reasonable."

But the picture will become a little clearer in January when the cash quotation starts, and there is some indication of the quantities of stocks the Exchange is going to attract.

With the major western producers boycotting the Exchange, supplies for its warehouses are most likely to come from the emerging aluminium producers These producers, in such countries as Yugoslavia, Bahrain, Iran, Indonesia, who are either denied access to the traditional distribution channels; or just poorly thought of, may well be glad to sell their metal on the Exchange.

Certainly the committee's decision to base its contract on 99.50 per cent pure aluminium with no more than 0.40 per cent iron and 0.30 per cent silicon, when modern smelters can regularly produce 99.70 per cent pure metal with no more than 0.20 per cent iron and 0.10 per cent silicon, was designed to give the contract the widest appeal possible.

But as long as the aluminium industry remains as vertically integrated as it does at present — with some 70 per cent of production being consumed by fabricator subsidiaries of the original producer—the opposition of the major western producers, the Alcans, Alcoas, Kaisers, Pechineys, is going to remain a serious problem.

The major companies object to the Exchange contract because they see it as an attempt by a group of middlemen to break into their industry. The response of the chairman and chief executive of Alcoa, W. H. Krome George, to the announcement of the new Exchange contract was that the Exchange would not contribute anything to world supplies of aluminium, and that speculation in a small sector of the market would only destabilise the whole of it. The majors are particularly proud of the way aluminium consumption is growing at a more or less steady 6 per cent a year under their tutelage.

Clearly Ian Foster's assurances, given at the time he announced the new contract, did little to pacify the major producers. He said that it was not the Exchange's intention to disrupt the producer price system, only to provide an additional service: he noted that the Exchange had operated alongside producer quotations for copper and zinc for many years; and he hoped that the producers themselves might find the Exchange useful one day, if only to finance their surplus stocks.

Quite possibly the reference to the copper market was particularly painful for the producers. Only three months before Ian Foster made his announcement in August, the U.S. copper producer, Kennecott, had abandoned its fixed producer price for one based on the daily closing quotation of the New York Commodity Exchange (Comex) copper market. Kennecott had found the fixed price too inflexible to sell its production.

Further comparison with the copper market offers additional evidence that the aluminium contract might be able to succeed. If the annual volume of copper produced, some 7m tonnes, can sustain a market in London and New York, aluminium's 14m tonnes-a-year should prove to be more than enough. Also the successful Exchange market in copper accounts for no more than 6 per cent of the world's turnover in that metal. While the free market in aluminium has been taking between 2 per cent and 10 per cent of aluminium turnover, according to various estimates.

But in the meantime, the decision to base the aluminium contract on 99.5 per cent pure material, taken for a good reason, is going to limit its attraction to fabricators, many of whom are geared to using 99.7 per cent metal in their furnaces.

However, there is a possibility that when the first of the three month aluminium contracts, traded earlier this month, become due for delivery in January, sellers will find themselves short of 99.5 per cent metal, and will have to offer 99.7 per cent. That could lead to a healthy trade in 99.7 per cent material.

But even if that does not happen, fabricators could certainly overcome their reluctance to buy lower grade metal, and their technical problems due to lesser purity, if there was a sufficient discount. The Exchange's committee was well aware of this when one of its spokesmen at the launching ceremony for the contract expressed confidence that the venture would succeed if the price was right. The necessary discount is currently put at about £15.

However, at the moment it is not there. A tonne of 99.5 per cent metal, three months forward, on the Exchange, is currently about £600: EEC duty will almost certainly be unpaid, and delivery would most probably be in Rotterdam. Thus a UK fabricator wanting that metal would need to pay an additional £42 or so duty, and perhaps another £18 delivery charges, making the total cost of the metal delivered to his works about £660 per tonne. Against that a tonne of 99.7 per cent material bought for delivery in the free market for delivery at buyer's works, would be about £630 per tonne, plus contango of about £5 a month, making a total of some £645 per tonne. The producer price for 99.7 per cent metal, meanwhile, is £710 per tonne.

But the Exchange contract does also have some small technical advantages. For a speculator, or investor, the free market convention to deliver to buyer's destination could involve additional transport costs which the Exchange warehouse system avoids. Also the Exchange's standard lot is 25 tonnes against the free market's customary parcel of 100 tonnes.

But as the big Exchange ring dealing member, Rudolf Wolff, said in a recent report, the new aluminium market is still trying to find its true price relationship to the outside free market and to the producer quotes for different qualities of material.

It still remains to be seen whether the Exchange can offer the additional services of hedging, and of financing stocks that it claims are so valuable, and whether it can find the right price—the free market merchants used to argue that the Exchange could not do anything they were not already doing. And it still remains to be seen whether the western majors' control over supplies can be broken to the point where there is an adequate volume flowing through the Exchange to keep that contract alive. In Ian Foster's words, it is still early days.

In the meantime the Exchange which believes that it offers the best trading system in the world, has been true to its free trading philosophy, and has put its services on offer in the market place.

Grog Smosarski

SILVER

THE ELECTION of London bullion brokers, Sharps Pixley, as full ring-dealing members of LME highlights the growing importance of its silver market. When it was launched in 1968, the new silver contract was strongly opposed by the London bullion brokers as being unnecessary. But after a slow start the Metal Exchange has gradually attracted an increasing volume of business from dealers and speculators, who like to be able to see how price levels are established in open trading rather than in secretive "fixing."

The two markets have thus moved much closer together, and a big percentage of the LME turnover now comes from the London bullion brokers, who are thought to own the bulk of silver stocks in the LME warehouses.

Another bullion broker, Johnson Matthey, is already a subscriber member of the Exchange, and there seems no reason why the links between the Exchange and bullion market should not become even closer. In fact, silver has disappointed many of its previous supporters by the way that prices have failed to respond as spectacularly as gold and platinum to the unsettled state of the currency markets and the fall in the value of the dollar in particular.

The lifting of the ban on gold purchases by private citizens in the U.S., and the launching of several gold futures markets, has enabled U.S. investors seeking protection for their money to buy the "real" thing—gold —instead of using a substitute, silver, as in the past.

The strong fundamental supply/demand situation in platinum, with a shortage of supplies developing, has also encouraged investors to favour that metal rather than silver.

Although there is a constant shortfall in new production of silver to meet demand, the huge stocks above the ground accumulated over many centuries means that there is no real scarcity of supplies. At the same time the cutting of the monetary links, with silver no longer widely used for coinage, means that it is increasingly becoming an industrial, rather than investment, metal. Industrial demand for silver has been at a low ebb due to the economic recession in many countries and this has also contributed to a dull market.

Recently silver prices have moved up strongly, but they are lagging far behind the spectacular rises in gold and platinum.

J.E.

The Management Page

EDITED BY CHRISTOPHER LORENZ

Major American corporations are increasingly using commercial paper as a means to raise funds. **Stewart Fleming,** in New York, explains why such financing—barred in the UK—is so popular

U.S. companies ignore banks and turn to each other for funds

:RING THE past seven ars Armco Steel, the fifth gest U.S. steel company with les running at over $3¼bn a ar, has only borrowed from its nkers for two days. But roughout this period it has d short term debts outstand- g of between $50m and $80m d at times the figure has risen around $150m.

Like many other companies its size Armco has been rais- g its funds in the commercial per market. This is a short rm money market where com- nies can borrow from each her or from financial institu- ons such as insurance com- nies and pension funds, much ore cheaply (in recent years) an they can from commercial nks.

The paper issued in return for e funds is a bearer security hich cannot normally be aded, since (unlike the cer- ficate of deposit market) there no secondary market in com- ercial paper. Although under curities and exchange com- ission rules, paper can be sued for up to 270 days with- it the need to go through the ency's registration procedures, practice the bulk of the funds e for maturity in around 30 ys' time or less.

Astonishing

The growth of this market er the past decade has been tonishing, so much so that it now a serious rival to com- ercial banks as a source of ort-term funds for the 700 or companies whose commercial per is readily accepted.

At the beginning of 1967, for ample, only $13bn of commer- al paper was outstanding, of hich under $1bn was paper sued by industrial or com- ercial companies outside the nancial sector. To-day the total as soared to $75bn and $17bn this is paper issued by com- nies (like Armco) which are utside the financial sector.

TABLE II

COMMERCIAL AND INDUSTRIAL BANK LOANS

(annual averages—$bn)

	New York City banks	Large weekly reporting banks
1970	25.0	78.7
1974	36.7	121.0
1975	37.0	120.0
1976	32.9	110.0
1977	32.4	114.0
1978*	33.6	127.8

* Jan.-Sept.

The biggest issuers remain the financial corporations—for example instalment credit com- panies like General Motors Ac- ceptance Corporation, a sub- sidiary of the giant car com- pany. These issuers generally raise their funds directly by placing the paper themselves, whereas the non-financial issuers usually go through in- vestment bank dealers.

According to a detailed study just published by George M. Salem, bank stock analyst with New York stockbrokers and investment bankers, Bache Halsey Stuart Shields, many of the larger corporations like Armco are making less and less use of their bankers for short term loans.

The reasons for this vary al- though there is no doubt that a fundamental cause is the in- creased sophistication of the corporate treasurer's function and the emphasis companies have been placing on efficient cash management.

Robert J. Lambrix, corporate treasurer at Armco, describes commercial paper as a "cheaper and more flexible" alternative to bank finance. He says that he can get additional funds within a few hours of needing them, whereas it can take several days to raise extra bank finance. And now, as Armco heads towards a cash surplus he anticipates in- vesting in commercial paper issued by other companies.

So attractive has the market become that there are now some 25 foreign corporations raising funds in the U.S. by issuing their own paper. The biggest is Electricité de France which was brought to the market by Gold- man Sachs, the investment banking firm which dominates the dealer placed segment of activity and, according to George van Cleave, partner in charge, accounts for about 40 per cent of the $2bn of dealer issued paper. He points out that Electricité de France typically has over $1bn of paper issued.

Whereas in recent years the market has been dominated by the larger and more credit- worthy companies, there are now signs that smaller concerns, or even partnerships, can issue paper if it is backed by liquid assets which ensure redemption. This may be one reason for the intensified competition which has emerged in the past few months.

TABLE I

COMMERCIAL PAPER GROWTH

(end year—$bn)

	Non-financial	Financial	Total
1966	0.757	12.543	13.3
1970	7.1	25.9	33.0
1974	12.6	36.5	49.1
1975	10.2	37.5	47.7
1976	12.3	39.7	52.0
1977	14.6	50.4	65.0
1978 (Sept.)	17.6	57.4	75.0

In the summer, Salomon Brothers and First Boston, two of the leading investment banking firms, began a drive for a bigger share of the business by undercutting Goldman Sachs on the dealers' commission they take for placing paper with investors. Whereas Goldman charged 12½ basis points (there are 100 basis points in a % point) on the first $150m of paper issued, its two rivals have cut the charge to 10 basis points on the first $100m. Both have sliding scales of charges for larger sums.

But perhaps the most contro- versial competitive move has been the decision by Bankers' Trust of New York, the eighth largest U.S. commercial bank, to respond to the inroads the paper market has made into its commercial and industrial loan portfolio, by itself becoming a dealer in paper.

Bankers' Trust has placed paper for International Tele- phone and Telegraph and American Can.

Under the 1933 Glass-Steagal Act, commercial banks are forbidden to underwrite corporate securities, an activity legally reserved for investment banks. To the investment banks the Bankers' Trust move is just another example of commercial banks trespassing on territory they thought was legally off- limits. A similar step was the move of commercial banks into the private placement of syndi- cated loans, an innovation which has not been blocked.

Now, however, the investment bankers are examining whether to launch a lawsuit to try to block the Bankers' Trust initiative. Questions which will have to be decided are whether the bank is in fact underwriting the paper it issues and whether commercial paper is legally a security.

Only a few years ago it was possible to argue that the ex- pansion of the commercial paper market was just a cyclical phenomenon. Many suggested that at times when credit was scarce the banks would prove to be the most reliable source of funds and would regain their pre-eminence as the main source of short-term money.

Now it is easy to make the precisely opposite case. Indeed on the basis of his interview with some 200 corporate finance executives of many of the largest U.S. companies, and on his other researches, Mr. Salem of Bache has concluded that the growth of the commercial paper market reflects not only cyclical trends but also a long- term or secular development which will most probably con- tinue to hit bank lending volume, particularly at the big New York City banks whose customers are the large indus- trial corporations with easiest access to the paper market.

As the figures in the accom- panying table (table 1) show, while lending to commercial and industrial clients by New York City banks has fallen heavily since it peaked in December 1974, the issue of commercial paper by non- financial corporations has con- tinued to grow (non-financial companies provide a relevant comparison since it is assumed that these corporations would otherwise be borrowing from their bankers).

Behind the figures lie many complex trends. Thus, bank loan demand in New York will have been depressed by the sharp growth of foreign bank commercial and industrial lend- ing in the city. The quiet pace of capital investment by industry will have been another factor. Moreover many com- panies have been husbanding cash reserves after the shock of the 1974 credit crunch. Inter- national Business Machine's last balance sheet showed cash and marketable securities of over $5bn.

TABLE III

COMPARATIVE INTEREST RATES

(4th quarter)

	Bank prime rate	Commercial paper*
1970	7.00	5.75
1974	11.04	9.05
1975	7.58	6.12
1976	6.50	5.50
1977	7.75	6.56
1978†	10.0	9.00

* Dealer-placed 3-6 months.
† October.

But there is little doubt that one of the reasons for the sluggish growth of commercial and industrial lending in New York banks has been the rapid development of the rival com- mercial paper market.

There are a variety of reasons why confidence in the commer- cial market has grown. Apart from the fact that it has, as table 3 shows, been cheaper to borrow using commercial paper, Table 3 understates the interest rate spread in favour of com- mercial paper since it takes no account of the compensating balances of up to 20 per cent of a loan which banks normally require borrowers to maintain on interest free deposit.

The market has, for example, proved its resiliance by surviv- a number of potentially devastating crises, in particular the failure of the Penn Central Railway in 1970 with some $70m of paper outstanding. By that time the market was too important to be allowed to hit a serious contraction and the Federal Reserve took action to ensure that the banks could, in effect, refinance those corpora- tions which were hit by the impact of the Penn Central failure on the paper market. (As one dealer put it, "It is ironic that a failure of a large company should have lead to the market being closed to many small com- panies.")

Rating

Another factor to lend stab- ility has been the fact that it is virtually impossible to float paper without a commercial paper credit rating from one of the leading rating agencies and probably from both Standard and Poors and Moody's. In ad- dition the SEC overseas issuers, insisting that generally the pro- ceeds of a commercial paper issue are used to finance short term assets such as stocks.

Ironically another source of stability to the market is pro- vided by its main competitor, the commercial banks. Issuers generally back their paper with committed lines of credit from commercial banks. Just how firm that commitment is is de- batable and is generally seen as a moral commitment rather than a guarantee. But when several real estate investment trusts with between $3-4bn. of commercial paper outstanding hit trouble, their commercial bankers ensured that they did not default on their paper issues.

QED: a way to quick cost savings

PERHAPS THE most neglected source of problem-solving talent lies with the workers. Often, managements fail to ask their employees how to make improvements and by so doing miss talking to those closest to the problem.

The suggestion box may be the nearest many companies ever get to inquiring of their staff and workers information which could lead to greater efficiency and productivity.

According to consultants, Indus- trial Motivation, a recent survey showed that, over a year, suggestion boxes are used by less than 10 per cent of total employees. The consultants refrain from mentioning how many anonymous rude notes and toffee papers also find their way into suggestion boxes.

Instead they have introduced a simple idea to help companies tap employees for information which will save costs. It is gimmicky, and its American origins are obvious, but it seems to have impressed a number of British companies— 50 so far, involving 20,000 employees. Industrial Motiva- tion boldly claim the scheme has resulted in definable savings of over £1m.

Called QED—Quid Each Day —it involves all the company's staff in a campaign which lasts one month. In this time employees seek ways in which £1 a day can be saved from the operation of their own depart- ments.

It starts with a week of "teasing" posters, then indi- vidual explanatory letters are sent out by the managing director. The campaign itself has ideas cards, prizes for the best submissions, and "QED" mugs for each contributor.

The consultants claim that during the month 60 to 80 per cent of the workforce respond, and from a much wider cross- section than is the experience with suggestion boxes.

In one year, Express Dairy (Foods) saved £91,000 at a cost of using the scheme of £8,000, the consultants main- tain. They also say that Vickers Medical saved over £20,000 at a cost of £2,250.

How to break from a parent company

TWO WAYS in which you can become your own boss are either to start a business from scratch or to buy an established com- pany from its owners. A parti- cularly good example of the latter course is the purchase, an- nounced last month, of the in- dustrial drives division of Eaton Corporation, by the division's directors. This move was backed by the National Enterprise Board with equity and loan capital worth £270,000.

Such a course is seen increas- ingly as being a means by which a small operation, perhaps under threat of closure because it does not fit within a large organisation, can be made to prosper and expand.

It is felt that there are prob- ably a great number of execu- tives or directors who would buy their company from its owners if only they knew how to set about doing so and how they might finance the move. To pro- vide the answers to such ques- tions is the purpose of a one- day seminar to be held in London on Wednesday, Novem- ber 8. Speakers will include not only financiers and accountants, but also two people who have taken the step of buying out a company from its parent.

They are Mr. John Fordham chairman and managing director of the Crow Hamilton Group, who will be talking about "Buying from a big company— a case study," and Mr. Roger Levick, chairman of Essex Tele- graph Press, whose subject is "Finding and assessing the opportunity."

The seminar is titled "The Independent Business" and will be held on November 8 at the Royal Lancaster Hotel. The fee is £75. Details from Invest- ment and Property Studies, Norwich House, Norwich Street, London EC4A 1AB.

LOMBARD

More room yet for repentance

BY COLIN JONES

WITH THE LAST of this year's tax cuts going into November pay packets, it is worth seeing what progress Mr. Healey—prodded by the Opposition parties — has made towards reducing income-tax. Not a great deal is the answer. A married man with two children under 11 earning the national average for manufacturing manual workers will be paying 23 per cent. of his total income, including child benefit, in tax and national insurance. This is less than two year ago (26 per cent) but more than under the Heath administration (18-20 per cent).

It is true that personal allowances have been raised substantially in money terms, a new 25 per cent. tax tranche has been brought in, and the basic rate of tax has been cut. But the average earner's marginal tax rate (including national insurance) is still several notches higher than when Mr. Healey came to power (39½ per cent as against 35 per cent), and tax thresholds are lower in relation to earnings.

The fall in tax thresholds has been especially sharp for those with children as a result of the phased replacement of child benefit for child tax allowances. Next April, when the child tax allowance finally disappears, the tax threshold will have fallen to 35-36 per cent of average manual earnings for all married men irrespective of family size as against 51 per cent in 1973-74 for the man with two children and 64 per cent for those with four. It will go on falling relatively, too, as long as personal tax allowances are re-valued in line with prices rather than earnings.

Full-time

Child benefit—to be paid at the tax-free rate of £3 a week a child from next month and £4 from next April—may be shielding the impact upon net family income. But it is the starting point for tax (and for the higher rates of tax) which determines the Inland Revenue's workload. About 550,000 would now be paying either no tax, or a lower marginal rate, had child tax allowances remained the same as in 1976-77, and about twice that number if the allowances had kept their same real value.

This is a further reminder of the way the role of the income tax system has been changed in recent years. Thirty years ago the average manual earner with two children paid no tax at all. The threshold was too high. It was only ten years ago that the tax bite from his pay packet rose to 10 per cent. Today, with tax thresholds standing at 22-23 per cent of average manual earnings for the single and (from next April(35-36 per cent for the married, there can be hardly anyone in full-time work who does not pay tax. No wonder the staff of the Inland Revenue has become so huge. No wonder so much thought has been given to simplification. No wonder the Revenue is so keen to go over to computers. A machine designed to tax the better off does not readily lend itself to taxing everyone.

This is not the only problem. As tax thresholds have fallen in relation to average earnings, they have met supplementary benefit levels coming up. Today's tax thresholds are equivalent to 96 per cent of the supplementary benefit entitlement level (including the usual rent and rates allowance) for the married couple without children, 76 per cent for those with two children, and 66 per cent for those with four. Next month, when the entitlement levels are raised 7 per cent, the ratios will be yet lower.

Overlap

In short, in spite of Mr. Healey's latter-day conversion to tax reduction, we still have a tax system and a social security system, both for different reasons highly labour-intensive, which overlap. The number of people who in practice would be better off not working may be very small. So may be the number of low wage earners entitled to family income supplement who also have to pay tax. But the fact that the two systems do overlap has helped to bring the social security system into public disrepute.

In the long run, a tax credit scheme might be the answer. But it will be a long run. It will take until the mid-1980s, at least, to computerise the Revenue's PAYE system. Until then the basic tax structure will have to remain frozen. In the meantime, obviously, more can be done to raise thresholds and reduce the load further up the scale. If the main personal allowances (other than the child tax allowance) had their same real value as five years ago before Mr. Healey came in, the Exchequer would this year be collecting £1½bn less tax. If, in addition, the higher rate bands were at their 1973-74 equivalent values and the basic rate of tax had stayed at 30 per cent (with no 25 per cent tranche), the Exchequer's loss would be £2½bn. Mr. Healey still has a considerable way to go to unwind the tax increases of his first three years as Chancellor.

It's new, it's neat, it's obsolete

FILM AND VIDEO

BY JOHN CHITTOCK

LIKE THE advertising industry, the sponsored film business has always been a sensitive barometer for assessing the economic climate. Currently, activity in sponsored films is booming. Many British producers are choked up with work, and one of the larger of the small companies reports a full order book extending well into 1980.

It must mean more than a mere relaxation on budget control. In cold-blooded marketing terms, the economic justification for spending £10,000 on a promotional film may not always bear close scrutiny. Faith rather than statistical evidence is behind much of the sponsorship, even though the occasional classic case does come along where—indisputably—it was the film and only the film that won a favourable customer decision.

Faith and optimism must be in good supply then, although the current surge in production activity is considerably enhanced by a lust for training material. Everyone, it seems, is making training films (and buying them or hiring them): thus in recent weeks three new titles from Training Films International for the catering trade —*Bartending, Portion Control* and *Sauteing*; from the Health and Safety Executive, *What Do the Diamonds Say?* (about the safety labelling of road tankers); from Star Programmes, *Change of Command* (supervisory training); protection against impulse buying in BFA Education's *It's New, It's Neat, It's Obsolete;* and the Clothing Institute's promise of saving "millions" in *Sew and Save* (aimed at manufacturers). This list is by no means exhaustive, and at Europe's biggest 16mm library—Guild Sound and Vision in Peterborough—training films are appearing with the frequency of new titles from a book publisher.

Affirmation of new interest in the sponsored film came again last week from one of Britain's oldest sponsors (under different names)—the British Gas Corporation. It has just launched two films in a new series, Great British Foods, and a spate of activity is promised in the coming year, encouraged by a 20 per cent growth in the use of its film library last year.

The Great British Food series is far removed from the pioneering films of the British Commercial Gas Association—which in 1935 commissioned Sir Arthur Elton and Edgar Anstey to make a series of films in which they were to collaborate in the choice of subjects. Thus emerged classic social documentaries that remain part of film history—such as *Housing Problems* (the archetype of Man Alive, World in Action and others) and *Enough to Eat?*

How interesting indeed for historians to look at those gas films of the 1930s and then at the first new offerings of the approaching 1980s from the British Gas Corporation.

One of these new releases, *Harvest*, is a pictorially beautiful account of British food production (helped of course by gas). It is a glossy, attractive image of an efficient industry with pastoral roots; a tribute to increasing productivity. But like many glossy films, it is also superficial and does nothing to spur the viewer into deeper understanding, caring or commitment (except perhaps, unwittingly, in the battery hen sequence). Forty-two years ago, *Enough to Eat?* took as its subject malnutrition.

In the second British Gas film —*A Curious History of British Food*—there is a brave attempt to restore some of the good things of the old days, albeit at the risk of reckless indulgence in high levels of cholesterol, carbohydrates and alcohol. Suffice it to say that the old British dishes seen in this film had the audience's mouths watering.

Historians will discover other signs of social change in our contemporary industrial films, such as a cautious concern for preservation of the countryside evident in English China Clay's *Self-Portrait.* This is another one of those corporate films that takes the viewer everywhere without actually getting anywhere. Well-made, intelligently put together, and giving some insight into the company, it none the less has little to make the viewer care — as its introspective title reveals.

Paradoxically, some viewers may care more about a film that has as its scintillating subject, *The Puller Saw Combination.* Made for Edwards of Enfield, this is about the company's latest developments in powering extrusion pullers and saws by linear motors. Hardly the stuff to rate acclaim in the film columns of a national newspaper — but specific and important enough to a few people in their business, which is a principle too often ignored in the contemporary sponsored film. The conclusion for the historians must be that our films have become specific, specialised and self-interested. Gone are the days of the grand design or the spirit of social change.

The current surge of industrial film activity reflects, instead, a spirit of economic optimism—where the challenges are more material and the social problems not apparently so serious. Our films are becoming vehicles of information rather than motivation, and the rise of electronic media is emphasising this trend.

This Thursday, for example, a one-day seminar at the Cafe Royal in London will be examining The Electronic Hotel — in which room-bookings, information and personal service can all come via automatic electronic systems such as viewdata, videocassettes and mini-computers. A far cry from the welcoming personal style of the inn keeper.

Even film itself is becoming an anachronism. Videocassettes, the product of so much automated and electronic control, are displacing film—and the producers currently enjoying a boom in business must be ready to adjust as the emphasis changes.

One sign of the trend, revealed last Thursday, is the establishment of Europe's largest videocassette duplicating centre—which will open early next year opposite the Post Office tower in London. Announced by Television International, a subsidiary of Plantation Holdings, the centre represents an initial investment of over £1m. It demonstrates the confidence that now abounds regarding the future of videocassettes. Other plants are springing up, ready for the video boom, such as Grundig's new videocassette recorder factory which opened earlier this month in Germany—designed to cope with an annual output of 300,000 units.

With tired relief, I report that the British Sponsored Film Festival sensibly returns to Brighton next year after a depressing diversion to Birmingham.

Seattle Slew decision due today

RACING

BY DOMINIC WIGAN

A DECISION on Seattle Slew's participation in Saturday's Washington DC International at Laurel in Maryland is due to be made today.

Apart from the doubt about the triple crown winner the formation of the field looks complete. Steve Cauthern will be aboard Noble Dancer, while other jockeys already booked are Jean Cruget for Mac Diarmida, Freddy Head for Frere Basille and George Doleuze for Stoned.

At present there seems to be some doubt as to whether Lester Piggott or Willie Shoemaker will partner Trillion. The American jockey rode Maurice Zilber's Hail to Reason four-year-old in the Arc, but it is worth remembering that he said after the race: "Had Piggott or St. Martin been on mine she would have won. She needed a strong jockey to hold her together and that is why she came off a true course."

The three other confirmed runners for America's major autumn grass race are Tiller, Overskate and Waya.

Turning to today's racing there is a typically tricky end-of-campaign card at Nottingham where backers are likely to find the going hard. Arundel trainer John Dunlop, who has kept his team in remarkable form since early summer, has sent a strong team up to the Midlands track and it will not be in the least surprising if he adds another couple of winners to his already impressive tally.

His best prospect, in my opinion, is Faringdon Bell—Midland Nursery. This grey gelding by Mondamus impressed among the runners for the East a good many racegoers when finishing a half-length third of 13 behind Bluebell in a seven-furlong nursery at Newbury last month and his running there suggests that the additional furlong of today's race will suit him ideally.

If he can give nearly 20 lbs to Miss Admington, the Dunlop juvenile who has the assistance of Pat Eddery should be able to gain an overdue first success.

Half-an-hour later Faringdon Bell's ultra-consistent stable companion, Brig of Ayr will be trying to regain winning form in the final handicap. The Brigadier Gerard filly seems certain to run her usual game race, but I doubt her being quite good enough to concede a stone to Bill Elsey's Safety Measure.

This three-year-old by Home Guard out of One Pint, a daughter of the 1,000 Guineas and Oaks runner-up St. Pauli Girl, did extremely well to beat Inca Warrior and 18 others at Pontefract last month and it could well be that she has been let in lightly with eight stone.

There is no better-bred filly in the closing event—the Sprinters' Consolation Maiden Stakes—than Trenora, a chestnut filly by Habitat out of the Queen Mary winner, Truly Thankful. Furthermore, her form looks a cut above her rivals.

Any improvement on her second-placed effort behind Lily Marlene in a 16-runner event at Lingfield should see this Daniel Wildenstein owned filly getting the better of Cornflower's daughter, Muppet, who showed ability at Wolverhampton on the first of her two appearances.

NOTTINGHAM
1.30—Lilah Helen
2.00—Rebecca Maid
2.30—Faringdon Bell**
3.00—Safety Measure*
3.30—Calling Low
4.00—Trenora***

TV/Radio

† Indicates programmes in black and white

BBC 1

9.38 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 How Do You Do?. 2.00 You and Me. 2.14 For Schools, Colleges. 3.20 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). †4.20 Felix the Cat. 4.25 Jackanory. 4.40 The Space Sentinels. 5.00 John Craven's Newsround. 5.10 The Record Breakers.

5.40 News
5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.50 David Essex (London and South-East only)
7.20 James Burke's Connections
8.10 Dallas
9.00 News
9.25 Play for Today
10.30 Tonight
11.10 Roads to Conflict
11.35 Weather/Regional News

All Regions as BBC-1 except at the following times:—

Wales—10.00 am I Ysgolion. 5.55 Wales Today. 6.50 Heddiw. 7.10 Pobol Y Cwm. 7.40 It Ain't Half Hot Mum. 11.10 Dechrau Siarad. 11.35 News and Weather for Wales.

Scotland—9.38 am For Schools. 5.55 Reporting Scotland. 6.50 Tom and Jerry. 6.55 Ballad Folk. 10.30 Tuesday Night. 11.35 News and Weather for Scotland.

Northern Ireland—3.52 pm Northern Ireland News. 5.55 Scene Around Six. 6.50 Bought and Sold. 11.35 News and Weather for Northern Ireland.

England—5.55 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points eWst (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.50 East (Norwich) Spot On; Midlands (Birmingham) Pottery Patter; North (Leeds) Lifelines; North East (Newcastle) Tuesday North; North West (Manchester) Sit Thi Deawn; South (Southampton) The Brain Game; South West (Plymouth) Peninsula; West (Bristol) Day Out.

BBC 2

10.30 am Working for Safety
11.00 Play School
2.30 pm Tecair Ltd
3.00 Film as Evidence
3.30 The Living City
5.00 Open University
†5.40 Laurel and Hardy Showcase: 'Blotto'
5.55 News on 2 Headlines
6.00 In the Making
6.20 Digame
6.45 Mid-Evening News
6.50 Empire Road
7.20 The Birds Fall Down
8.10 The Voyage of Charles Darwin
9.10 Wodehouse Playhouse
9.45 Man Alive
10.35 Floodlit Rugby League for the BBC-2 Trophy
11.15 Late News
11.25 The Old Grey Whistle Test
12.05 am Closedown (reading)

LONDON

9.30 am Schools Programmes. 12.00 Chorlton and the Wheelies. 12.10 pm Hickory House. 12.30 Treasures in Store. 1.00 News plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon. 2.25 Born and Bred. 3.20 Heart to Heart. 3.50 The Sullivans. 4.20 Get it Together. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News
6.00 Thames at 6
6.25 Help!
6.35 Crossroads
7.00 Botanic Man
7.30 Fantasy Island
8.30 The Upchat Connection
9.00 Whickers World: India
10.00 News
10.30 "Hammersmith is Out" starring Elizabeth Taylor and Richard Burton
12.35 am Close: A painting by Munch accompanied by the music of Bartok

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 6.00 About Anglia. 7.00 Survival. 10.30 Ol' Red Hair Is Back (Bette Midler Special). 11.30 The Streets of San Francisco. 12.25 am Chapter and Verse.

ATV

1.20 pm ATV Newsdesk. 3.55 The Electric Theatre Show. 5.15 Mr. and Mrs. 6.00 ATV Today. 7.00 Emmerdale Farm. 10.30 The Tuesday Movie: "The Lovers," starring Richard Beckinsale. 12.10 am Something Different.

BORDER

†1.20 pm Border News. 2.00 Houseparty. 5.15 Jonny Quest. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 10.30 Ol' Red Hair Is Back (Bette Midler). 11.30 Ski-ing With Gina. 12.00 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 5.15 Mr. and Mrs. 6.00 Report At Six. 7.00 Mind Your Language. 10.28 Channel Late News. 10.32 Barnaby Jones. 11.25 Pro-Celebrity Snooker. 12.05 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Mr. and Mrs. 6.00 Grampian Today. 6.10 Home Ground. 7.00 Botanic Man. 10.30 Celebrity Concert (Jack Jones). 11.30 Power Without Glory. 12.25 am Reflections. 12.30 Grampian Late Night Headlines.

GRANADA

1.20 pm This Is Your Right. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 University Challenge. 10.30 The Late Film. Doris Day in "Where Were You When the Lights Went Out?"

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Botanic Man. 7.00 Three Little Words. 10.30 "Five Card Stud," starring Dean Martin and Robert Mitchum.

HTV Cymru/Wales—As HTV general service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20-4.45 Goglis. 6.00-6.15 Y Dydd. 10.30 Dim Ond Heddiw. 11.00 World in Action. 11.30-12.30 am Moynihan.

HTV West—As HTV general service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road Report. 5.15 Batfink. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 10.30 Baird Trust Lecture. 11.00 Bidda. 12.00 Late Call. 12.05 am Cat's Cradle.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day By Day including Southsport. 7.00 Emmerdale Farm. 10.30 Southern News Extra. 10.35 Ol' Red Hair Is Back. 11.40 Pro-Celebrity Snooker.

TYNE TEES

9.25 am The Good Word followed by North-East News Headlines. 1.20 pm North-East News and Lookaround. 5.15 The Brady Bunch. 6.00 Northern Life. 7.00 Emmerdale Farm. 10.30 "Pursuit," starring Ben Gazzara. 11.55 Epilogue.

ULSTER

1.20 pm Lunchtime. 4.18 Ulster News Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Reports. 6.35 The Mary Tyler Moore Show. 7.00 Emmerdale Farm. 10.30 Quincy. 11.25 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Mr. and Mrs. 6.00 Westward Diary. 7.00 Mind Your Language. 10.28 Westward Late News. 10.30 Barnaby Jones. 11.25 Pro-Celebrity Snooker. 12.05 am Faith For Life.

YORKSHIRE

1.20 pm Calendar News. 3.20 Calendar Tuesday. 5.15 You're Only Young Twice. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 10.30 "Isn't It Shocking?" starring Alan Alda and Edmond O'Brien.

RADIO 1 247m

(S) Stereophonic broadcast.
‡ Medium Wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Paul Gambaccini. 7.30 Folk 78 (S) (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (S) including 6.15 Pause For Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause For Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 On The Third Beat (S). 7.30 Folk 78 (S). 8.02 Tuesday Night Is Gala Night (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 Variety Club. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Shostakovich (S). 10.05 Plainsong and the Rise of European Music (S). 11.10 Violin and Piano Recital (S). 12.05 pm Radio Symphony Orchestra, Frankfurt concert, part 1 (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 Concert, part 2 (S). 2.00 Music at St. George's, Bristol (S). 3.00 Liszt on Pilgrimage (S). 4.00 Master Cellists (S). 4.35 Harpsichord Recital (S). 5.15 Jazz Today (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home. A personal view of Rossini (S). 7.30 BBC Manchester Masterconcert, part 1: Berkeley (S). 8.00 Freedom and Heredity (talk by Mary Midgley). 8.20 Masterconcert, part 2: Brahms (S). 9.45 The Prelude. 10.15 The Trio-Sonata (S) (series). 11.15 Witches' Brew (S). 11.30 Night's Black Agents (anthology of Poems). 11.50 News. 11.55-12.00 Tonight's Schubert Song (S).

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.45 A Horseman in the Sky. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Let's Talk About Me. 12.00 News. 12.02 pm You And Yours. 12.20 Desert Island Discs. 12.55 Weather; programme news. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Vanity Fair (S). 4.00 News. 4.05 Gardeners' Question Time. 4.35 Story Time. 5.00 PM: News magazine. 5.55 Weather; programme news. 6.00 News. 6.30 The Peter Hudson Show (S). 7.00 News. 7.05 The Archers. 7.20 File On 4. 8.00 The Smith of Smiths by J. Johnson's Night Flight (S). McCulloch. 8.45 The Defect. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. [illegible] Crime (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 News.

BBC Radio London

206m and 94.9 VHF

[illegible]

London Broadcasting

261m and 97.3 VHF

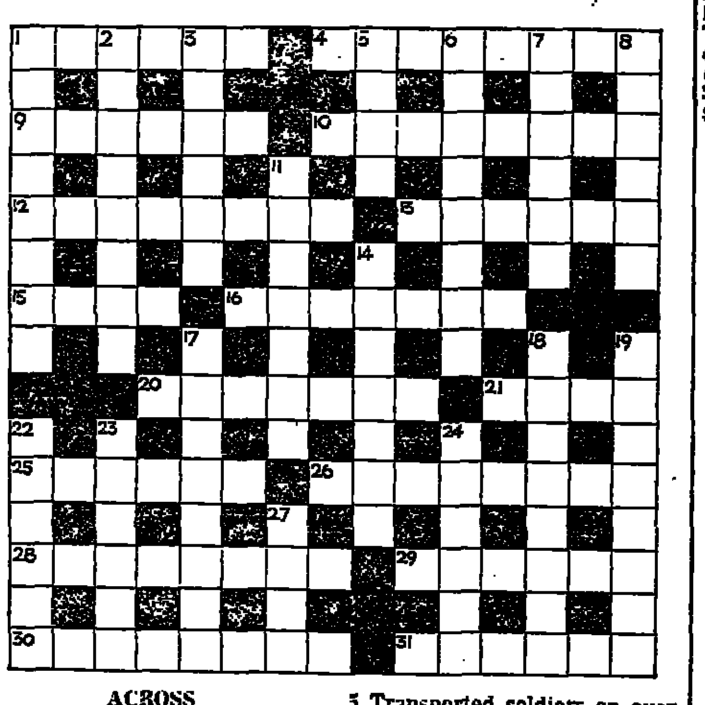
[illegible]

Capital Radio

194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,810



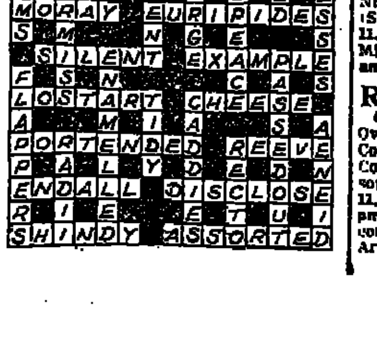
ACROSS

1 One left in front could be easily persuaded (6)
4 Missile projector to go over front of ship (8)
9 Alternatively I drink at the source (6)
10 Measure to make club almost full (8)
12 Be about to ask to attempt wicker-work (8)
13 Afflict with hunger and glare about five (6)
15 Put back implement and plunder (4)
16 Bill makes airman sum up (7)
20 Show by a sign and gamble nothing. Understand? (7)
21 Encourage guide-leader to enter river (4)
25 Modernise and increase before time (6)
26 Distressed with a note noised around (8)
28 Put one in my sack or purse (5-3)
29 Summary to begin again (6)
30 Put back or relaxed outside (8)
31 Give evidence at trial (6)

DOWN

1 Stand the cost of dance and game (8)
2 French fries warm, seen near greens (4-4)
3 Linger over nothing in German volume (6)
5 Transported soldiers on exercises (4)
6 Quiet trip? No, yelling! (8)
7 Sooner live at the front of the ship (6)
8 Pocket-book all wet outside (6)
11 Motoring organisation in race or tower (7)
14 Broken finger with nothing added could be exotic (7)
17 Watch soldier's beat (6, 2)
18 Strong demand for journalists on river (8)
19 Down-and-out could be exhausted (4-4)
22 Adder in season (6)
23 A fellow is or could be a god (6)
24 Determined as scouts may be (6)
27 Buttons on one side? (4)

SOLUTION TO PUZZLE No. 3,809



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

COLISEUM. Credit cards 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA [illegible]

[illegible]

THEATRES

[illegible]

MAY FAIR. 629 3036. Evgs. 8.00. Sat. 5.30 and 8.30. Wed. Mats. 3.00. WELSH NATIONAL THEATRE CO. DYLAN THOMAS'S UNDER MILK WOOD. Join us Nov. 9 for the 25th Anniversary Party. Show/Supper/Wine £10. (A few tickets still available.)

MAY FAIR THEATRE. 01-629 3036. Sun. Nov. 5 at 7.30. 1 Performance only. MARGARET RAWLINGS as [illegible]

[illegible]

SAVOY THEATRE. 01-836 8888. Credit cards 734 4772. Tom Conti in WHOSE LIFE IS IT ANYWAY? by Brian Clark. "A MOMENTOUS PLAY I URGE YOU TO SEE IT." Guardian. Evgs. 8.00. Wed. 3.00. Sat. 5.45 & 8.45

SHAFTESBURY. CC. 01-836 6596-7. 01-836 4255. Evgs. 8.15. Sat. 5.00, 8.30. TERENCE STAMP in EDWARD GOREY'S DRACULA with DEREK GODFREY "ABSOLUTELY STUNNING." LAST WEEK. ENDS SATURDAY.

SHAFTESBURY. CC. 836 6596-7. 836 4255. Opens Dec. 20 till Jan. 13. JANE ASHER, NIGEL PATRICK in PETER PAN. Daily 2 & 6.45. Prices £5, £4, £3, £2. Reduced price on Dec. 20, 21, 22, Jan. 8, 9, 10, 11, 12. Postal and telephone bookings accepted now.

STRAND. 01-836 2660. Evenings 8.00. Mat. Thurs 3.00. Sats. 5.30 and 8.30. NO SEX PLEASE— [illegible]

[illegible]

CINEMAS

[illegible]

PRINCE CHARLES. Leic. Sq. 437 8181. Walerian Borowczyk's THE BEAST London X Sep. perfs. 12.40, 3.10, 5.55, 8.35 (Sun. 3.10, 5.55, 8.35). Late show Fri. & Sat. 11.15. Seats bkble. Lic'd bar.

STUDIO 1 & 4. Oxford Circus. 437 3300. 1. Jill Clayburgh, Alan Bates in Paul Mazursky's AN UNMARRIED WOMAN (X). Progs. 1.05, 3.30, 6.00, 8.35. Late show Sat. 10.50. 4. Agatha Christie's DEATH ON THE NILE (A). Sep. perfs. daily 2.15, 5.15, 8.15. Late show Thurs., Fri., Sat. 11.15. Seats bookable.

Art in Japan

The Land of the Inward Eye

by ROY STRONG

After the Kabuki drama had ·one on for two hours ur delightful guide-interpreter uddenly turned to me and said: Isn't it boring" and applied erself to her Penguin paper-ack. Stultified by this slow ioving misery I was inclined to gree. Kabuki made Wagner's ing take on the raciness of a eydeau farce. Was she, at 23, idicative of how a younger eneration viewed the traditional rts of Japan? I wondered. okyo might be any modern city nywhere and the use of English gus and their preoccupation ith mastering it as a second inguage points to Japanese iaring the fate of the Scandi-avian languages within a eneration The assimilation of ie vocabulary of the western isual arts is by now virtually otal, whether in architecture or ie fine or decorative arts. They ork, as most of us do within i international modern style lowing only for local variants. nd in an age of exhibitions estern art is packaged and ipped for consumption by mass idiences hungry for these new iages.

At the National Museum of estern Art there was an exhi-tion of "European Landscape iinting." To me this high-ghted the very real dilemma of iliting the western from the iental tradition for any other ason beyond that of conveni-ice. In the art department of okyo University we saw the range effect of this division in e painting school which was vided into traditional and estern. What is more depress-g is the impact of the estern tradition on Japanese t. Instead of being, as they ere, at the centre of their own sual tradition they have aced themselves on the inges of another and the result ight be paralleled by the ovincial art of the Roman mpire which becomes cruder id more derivative the further ay it was from the capital. So ie walls of the beautiful useum of Modern Art in Tokyo e hung with distant echoes of enoir and Matisse or Hockney id Leichtenstein. Or so it must evitably appear to the visitor om the west.

Not so with the crafts. In the inexe to the Museum of Modern rt opened last year there is aft work of stunning bril-ance. One was, it must be lmitted cheered, to see a ernard Leach pot next to one : Hamada. But what was most irilling was their superb odern lacquer ironwork and xtiles. A case would contain kimono draped with wings out-retched like some fantastic oth. chrysanthemum flowers xploding upwards across it from ie hem. Or a little lacquer box ould be inset with mother of earl. The handling of the glaz-ing or the ceramics was magical even if the baleful influence of the cult of "peasant pots" has diminished their powerful control of the brush. All this, beautifully displayed, made a dramatic contrast to the morass of kitsch produced as so-called traditional Japanese craft. The latter in the art school we found still reeling from the deadening impact of western bad taste. Time and again one saw technical excellence of the highest order applied to suburban high street novelties of the "Blue Woman" school.

This brings me back to the exhibition of European landscapes because surely one of the great problems of Japanese creativity is its lack of accessibility to the best of western art combined with an inability to grasp its principles and work from those rather than its surface appearance. Generous though the Louvre, the Royal Academy and even for that matter the V and A have been, the great masterpieces can no longer travel. So that the Japanese encounter with the European landscape must inevitably be through secondary pieces interspersed with items from their own collection. The result, by western standards, was patchy. Certainly the Royal Academy's Constable of a *Landscape and a Lock* shone out as the jewel of the show. And the museum's most recent acquisition, an intriguing tondo attributed to Montagna of a *Landscape with Castles*, shows that shrewd purchases are still to be made for national collections in the making.

Although the exhibition was pleasantly busy there was nothing like the legendary queues and ten-deep droves before every picture which one had been led to expect. I encountered that only once, at Nara. It was a Sunday and the opening day of the annual exhibition lasting only a fortnight of a selection of the fabled Shoso-in treasures. Regretfully I gave up the battle as mobs of Japanese moved in phalanxes from one item to the next. And what objects! In the year 756 the Empress Komyo began to donate thousands of objects to the Great Buddah of the Todai-ji where they have remained for 1,200 years. Each single item is a show-stopper. There were embroidered banners and robes, exquisite pieces of furniture and, what I remember most, two string instruments inlaid with patterns of ivory. There is nothing to compare with this in the Europe of the same date in terms of quantity, quality and sophistication.

The myth of Japanese exhibition mania stems from the department stores who each have superb exhibition galleries presenting as it were an amalgam of Harrods and the Hayward. These popularising exhibitions serve an important function but they in no way impinge on the major exhibitions staged by the national collections. Of these the most amazing was that on caligraphy at the National Museum in Tokyo. It was a monument to the ability of the directors less to woo commerce than to get on with the Buddhist abbots in whose treasuries these pieces resided. It was on a huge scale (350 exhibits) ranging from the seventh to the nineteenth century. One could only marvel, from the total ignorance of the language at the intricacies of the patterns of the letters and the elegant way the words of a poem would be made to drift across a background of colour with indications of the moon, a flower or grass bending in the breeze.

No praise can be too high for the Japanese care of their historic buildings, nearly all of which are wood, presenting apalling fire hazards. This is matched by an almost equal lack of any sense of environmental conservation. As a result, historic environments have been destroyed or swallowed up within a decade. Where once a temple arose from its landscape it now stands an island amidst a sea of restaurants, souvenir shops and office blocks. This is sad but seems rather, on reflection, to be the result of an entirely different way of looking at things. Because of lack of space the Japanese have always been concerned with the minute, the utilisation of a small area in which to live in the stylish simplicity which is their unique style at its best. The eye, therefore, has always been taught to focus in rather than to stand back and take in the panorama. It is a visual sense, therefore, primarily concerned with the trees rather than the wood. For the visitor the result is both incomprehensible and at the same time intriguing. One watches where it will lead with more than a degree of fascination.

The Pursuit of Humanity. An example of the Ukiyo-e style of art which developed in Japan around 1600 Scenes from the kabuki were a popular subject

Elizabeth Hall

New Vienna Octet

The members of the New ienna Octet all belong to the ienna Philharmonic. They owe eir collective title, but none of eir personnel to the old Vienna ctet; if the distinguished name okes classical playing of refine-ent and relish in equal parts, e new group deserves it. They ere acclaimed with due delight Sunday by a not over-large dience. It might have been rger had the Octet been per-itted to advertise their major rk, the Brahms Clarinet iintet—but another group with prior booking was down to ay the Brahms last week, and parently they exercised their ght of refusal.

It says much for the Vienna clarinettist Peter Schmidl, that he kept his poised and lovely contribution to the Quintet strictly on a level with the string parts—not even "primus inter pares" except in the Adagio—and yet underplayed nothing. His first ascending phrase glowed magically, and everywhere he displayed a limpid legato which remained cleanly articulate, never boneless. A touch of shrillness at the top seized the attention at dramatic points, which in this performance were made strongly: the Quintet regularly suffers from crepuscular wilt, and there were uncommon rewards in the Vienna players' purposeful shaping of it.

At the outset of Beethoven's early Septet Op. 20, I wondered whether good taste was going to dampen the rollicking spirits of the piece. The cool assurance of the Octet's leader, Erich Binder, seemed not to run to the extrovert chirpiness the music invites. But it was needless worry: from the Adagio cantabile onward, every solo turn was charmingly exploited, within a crisp, perfectly balanced ensemble. The tempi were pointedly brisk, but not forced, given the grace of the execution. A delectable performance; the New Vienna Octet will be very welcome back.

DAVID MURRAY

Riverside Studios

Schnebel

A preoccupation with the simplest, most basic elements of music-making has been common to many different sections of the avant-garde in the past couple of decades; the complexities of the post-serial generation have here been replaced by a disarming, questioning naivety which confronts the listener with those fundamental processes which go to make up what he thinks of as a work of art. In the work of such Americans as Philip Glass and his followers, the concentration is on the pitch elements of music: is a repeated phrase really a repeated phrase, or is it different? Does a chord ever sound the same twice?

Among German composers, however, this self-conscious investigation has gone back beyond the finished product of a musical pitch, to the processes which produce that sound. Dieter Schnebel's *Maulwerke* (which was completed in 1974 after some six years of work, was remounted last year for performances in Berlin, Cologne, Darmstadt, Graz, Paris and Warsaw, and which on Sunday night came to the Riverside Studios as part of the Goethe Institute's "The Seventies meet the Twenties" series) is concerned with the ways in which we articulate sound. There is no music here, except incidentally, as one of the kaleidoscopic variety of mouth-sounds presented for our eyes and ears

Eyes are as important as ears, for among the ten whitened figures on the bare white stage are four closed-circuit television screens, decreasing in size and followed by a row of blank stones. Two cameras glide noiselessly across the floor, focussing on the details of the action, showing us how much in a shout or a whisper or a breath or a groan we take for granted. The sounds produced by all the participants are captured by neck microphones, mixed and fed through speakers behind us. There is little development: from breathing, walking, and effortful crawling the thoughts emerge in an almost improvisatory sequence.

The precision of the performance is startling; so too is its occasional virtuosity. A split-screen presents juxtaposed views of two half-mouths. One actor, following the myriad tiny movements on the screen, articulates the noises they suggest. A woman's groaning roar of catharsis.

The whole is hypnotic but scarcely revelatory. (Raoul Hausmann's Dadaesque *Laugedichte*, which provided the Twenties upbeat to this Seventies evening, showed how much had been achieved more than 50 years ago in the dissolution of language and sound.) The performance was cleverly realised and technically impeccable; but was I persuaded that this was a work of real insight? There were stimuli and provocations in plenty, but hardly ever that breath-taking sense of surprise and recognition which is produced by the best of this kind of work.

NICHOLAS KENYON

Wexford Festival—1

The Two Widows

by MAX LOPPERT

The 1978 Wexford Festival was the fifth and last under Thompson Smillie's artistic directorship. It was not a year of miracles or revelations, in terms either of works or of performers; but the high standards, both musical and dramatic, that have been a feature of his reign were for the most part worthily maintained, and the choice of operatic fare, juggling novelty, entertainment, and instruction, was as un-hackneyed as ever: Smetana's *The Two Widows*, Haydn's *Il mondo della luna* and D'Albert's *Tiefland*. The rampant conviviality of this jolliest of festivals has not this year concealed a general expression of regret at his loss to Sarah Caldwell and the Boston Opera Company.

In musicians of all descriptions, from Richard Strauss on, Smetana's fifth opera seems to inspire a special affection. The reason is easy to fathom. It is a score that, from first note to last, fills the theatre with its lyrical beneficence. There is light, air, and warmth in Smetana's orchestra, and that easy fertility of melody peculiar to Slavonic composers in his vocal lines. Examined out of context, notes on the printed page will sometimes fail to explain why the orchestra should glow as often or as much as it does, why chains of tonic and dominant harmonies in quick alternation are capable of expressing both merriment and pathos, passion and humorous bewilderment. Furthermore, it is a "salon opera" (the composer's own designation) in which shifts of atmosphere are mirrored by the flexibility of form always much loved by musical people, and complications of situation by sudden, sometimes unpredictable, always exhilarating outgrowths of ensemble music—solo voice parts twine with and draw in others, simple rhythms develop compound subdivisions in response to the pressure of situation. It is a rich and beautiful score whose inventions provide the ear with pleasures both immediate and longlasting.

Yet, in common with all of Smetana's romantic comedies apart from *The Bartered Bride*, the opera is seldom given outside Czechoslovakia. (Productions in Britain have been of student or semi-professional status; the most recent was at Morley College in 1976.) The reason for this is equally easy to fathom. In Züngl's libretto (based on a one-act Paris farce by Felicien Mallefille) there is very little substance; the plot line is slender and predictable, and its working out artificially padded out and prolonged. There is almost an imbalance of tone between the riches of the music and the dramatic thinness; in a performance of imprecise style, it is the dramatic thinness that leaves the final impression.

In many ways, *The Two Widows* is an ideal festival opera. The Wexford production, though not ideal, was very much on the right lines, bestowing careful affection on the score and bright but never garish good humour on the comedy. Albert Rosen, conducting his own RTE Symphony Orchestra (on fine form as the resident festival orchestra), comprehends the direction of Smetana's rhythms, gentle or vivacious, the dramatic movement of his harmonies, the radiance of his orchestra. He led a delightfully fresh performance, not always precise in its ensemble (the enthusiasm of the Festival Chorus tended to drive it ahead of the beat) but exact in its appreciation of the opera.

David Pountney produced (and also provided the new English translation, in collaboration with Leonard Hancock). Except when succumbing to the current producer's disease of thinking up distracting stage business to accompany instrumental music intended for the ear alone—the Overture became a review, by the bright and bouncy widow Karolina, of her estate affairs, the second-act prelude a shaving scene—Mr. Pountney showed an understanding of the opera's special qualities as deft as the conductor's. Character was sketched in quick, energetic detail: the choral and dance music in which the score abounds was buoyantly staged; the dramatic pace was controlled with a steady hand. It is not an opera that invites freakish experiment of design: Sue Blane's sets mingled traditional prettiness with a skilful sense of harvest season colour.

Robert White and Felicity Palmer

Mr. Smillie's casting knack could once again be admired in the happy and fruitful assignment of the title parts to two English sopranos not immediately associated with Czech opera. Elizabeth Gale as Karolina and Felicity Palmer as her sad cousin Anezka (the second widow and, dramatically, the most fully realised character in the piece) complemented each other beautifully: the first-named bright of voice (sometimes, in the tricky Theatre Royal acoustics, the brightness was almost too insistent) and breezy of manner, the second giving an eloquent study of intense, constrained emotion conveyed as much in Miss Palmer's ample tones as by the quiet poignancy of her manner.

As Ladislav, the secret object of Anezka's affections whose ruse to gain admittance to Karolina's estate is the hinge on which the plot turns, the American tenor Robert White displayed a winsome, college-boy kind of charm and a voice better fitted for Stephen Foster ballads than for Smetana's near-heroic tenor line; the stirring E minor aria with its huntsman imagery was undernourished. The retainer Mumlal, a bass buffo part of a traditional kind not easily rendered into English, was delivered with massive high spirits by Joseph Rouleau; the effect, while not quite right, was endearing. The young lovers Lidka and Tonik, exiguous parts on whose single number Smetana lavished the heart-easing melodiousness that is the thumbprint of the opera, were prettily played by Dinah Harris and Bonaventura Bottone. The news that Scottish Opera is to tour the opera in these sets and costumes is good news indeed.

WIGMORE HALL

Yuri Masurok

by RONALD CRICHTON

The habit is spreading of inviting foreign opera singers newly acclaimed in London to give song recitals. They do so with varying success. A few master the very different approach right away, others come to it late in their careers, some never go further than displaying a fine voice in uncongenial circumstances. On the evidence of his Sunday evening recital at Wigmore Hall, the Russian baritone Yuri Masurok belongs to the second or third of these categories. At Covent Garden Masurok has made a fine impression in Verdi roles—Renato in *Un ballo* and Posa in *Don Carlo*. While these performances did not suggest uncommon interpretative gifts, the voice was exceptional and the style good.

Lo! and behold, the darkly saturnine figure who made a distinguished impression on stage (partly by remaining effectively still and leaving the conventional operatic movements to others) was revealed on the concert platform as auburn-haired and chubby, with a stolid if friendly presence and, by Russian standards especially, a sadly limited range of gesture. The voice, allowance made for a few rough phrase endings, betraying initial nerves, remained splendid.

Masurok's tone is firm and gleaming, beautifully placed, well forward but not shallow. The line in his Chaikovsky and Rakhmaninov groups was adamant, yet only a tithe of the various shades of lyrical melancholy came over. Each group included one operatic aria. The excerpt from *Onegin* (which Masurok is to sing at Covent Garden) was less communicative than the gipsy's cavatina from Rachmaninov's *Aleko*—a recording of that would be welcome.

Is Masurok a rare example of the Russian singer more at home in other styles? There was more (if not always wholly idiomatic) life in the singing in songs by Schubert, Grieg, Ravel (in erratic French), and arias from *Don Giovanni* and *La traviata*. In Germont's aria from this opera the tone expanded handsomely, though "Di Provenza" sung in a chamber-music hall with piano accompaniment is not a very life-enhancing experience. The pianist was Craig Sheppard, better known as soloist than accompanist. Schubert and Grieg went so naturally that a certain lack of ease and impassivity in the Russian groups was the more surprising—one would have expected them to suit Mr. Sheppard well.

John Vallier

by DAVID MURRAY

Mr. Vallier's Chopin recital on Saturday night left no doubt that he is, as a distinguished conductor has declared, "a pianist of quite exceptional attainments." His strong, balanced technique echoes the virtues of an older school of pianism; he sustains long lines firmly, and in the grandest passages there is imposing clarity and finely modelled depth. So mature a command of the keyboard would put the more specialised knacks of many younger pianists to shame—for much nineteenth-century music, it could be a pedagogical model (save for a want of brilliance in right-hand figurations, perhaps: even the Fantaisie-Impromptu rattled more than it glittered).

Fantasy did not figure prominently in his Chopin interpretation, which mostly proceeded along traditional lines with ringing confidence. His sturdy rhythms were deflected neither by passing difficulties nor by the arrival of new musical thoughts; that was sometimes exciting, sometimes merely inflexible—it robbed the later stages of the B-flat minor Scherzo of some vital, cumulative effect. On the other hand, it lent powerful dignity to the A-flat Polonaise, and kept the bright little Valse op. 34 no. 3 tautly on its toes. The later op. 42 Valse was under-volatile. Vallier applied a puzzling rubato to the Third Ballade, letting its sprung triplets loosen often into what sounded like mere duple rhythm. No other private idiosyncrasies were indulged.

Rich, translucent textures were the order of the evening, and they left small room for suggestive ripples. A fresh theme rarely insinuated itself, but arrived briskly and candidly—thus the middle section of the F-sharp Nocturne, with some loss of evocative power. If that indicated a Chopinesque vein that Vallier disdains to tap, he gave full weight to the other special features of this opulently imaginative music. The tinted delicacy of the Berceuse was captured in unruffled calm; the darker currents of the Barcarolle and the E-flat minor Polonaise surged clearly over a rock-solid pulse. There was a consistent flavour of exposition as against invention, but exposition of a searching and eminently serious kind.

It Don't Mean a Thing

by KEVIN HENRIQUES

This welcome Saturday afternoon jazz concert took its title from the recent BBC-2 series which showcased only British musicians (lobby the BBC for its return!). The series had the effect of reminding audiences—and reluctant critics!—that preoccupation with the steady flow of visiting American musicians to this country too often leads to unjust neglect and dismissal of the rich, native-born talent in our midst.

The quality of music heard on Saturday again confirmed that British jazz need never have an inferiority complex. Blind pianist Eddie Thompson, who for ten years successfully competed with Americans on their own ground in New York, threateded the proceedings together in his own inimitable way with over-effusive introductions, some good jokes and his own witty playing.

Thompson is a prime example of an unsung talent in his own land. His style echoes the floweriness of Art Tatum but in fact he copies no one. His ebullient playing and melodic attack, counter-balanced with lyrical tenderness in ballads such as "Round Midnight" puts him in the forefront of piano players anywhere.

John McLeavy, that chuckling man of the trumpet and flugelhorn and adept user of mutes, shared the front-line duties with saxist Kathy Stobart who did not seem to get into her stride on tenor but whose version of "My Ship" on soprano was as moving as anything heard all afternoon. McLeavy's short, stabbing phrases and pure, clean trumpet tone were deliciously highlighted on his now regular feature, "Baubles, Bangles and Beads."

Kay Garner, heard recently on late night BBC radio but a newcomer to the jazz scene, provided the vocal part of the concert. Her jazz-based stylings suggested she could be THE white jazz singer this country has yet to produce. Her phrasing and jazz feeling are not in question. But her choice of material, especially "Tea for Two" in a version very similar to that of Anita O'Day (an obvious major influence), could be more challenging and discerning. But she is most definitely a name to listen for.

The two other musicians fulfilling an importnt role during the two-hour concert, which was presented by the BBC Jazz Society, were bassist Len Skeat and drummer Ted Pope.

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Without an agreement

THE admission by the Chancellor of the Exchequer yesterday that no early agreement with the TUC on pay policy now looks possible is on the whole a matter for relief. The TUC seems to have gone to Downing Street not to offer but to demand; and all its demands were expensive. The TUC wants tighter price controls as a substitute for a wage norm. It has also been pressing for a £60 minimum wage, and for Government endorsement of its demand for a 35-hour week. If the TUC had been able to offer effective wage restraint in return for these demands, the Government might well have been tempted to do a deal. It was as well in the circumstances that the TUC had nothing to offer.

Surface attraction

There is of course a surface attraction in the idea that if Government controls can guarantee a non-inflationary environment, then the unions will be ready to settle for non-inflationary wage increases: President Nixon, President Carter, and a succession of French and British governments have used price controls in an effort to allay the fear of inflation. In every case the policy has entailed a heavy price in economic distortion, with little long-term benefit to show for it. Some of these efforts have been launched with at least the illusion of union co-operation. On this occasion no illusion was possible. Mr. Moss Evans, who can on occasions at least be blunt, explained that, in his eyes, the advantage of price control was that it would prevent employers handing on the cost of settlements to customers; he wanted the Government to tie their hands while he rifled their wallets.

In a sense, no one can prevent union leaders who cannot understand the role of profit in rewarding success and, more important from their point of view, in financing investment, from fighting for claims which will throw their members out of work. Indeed, as Mr. Healey has explained in his Mansion House speech, the Government is committed to monetary policies which will produce this result. However, it is one thing to run a responsible monetary policy, and quite another to use price controls to block the one relief available for company finances. Prices can still rise when money is tight; the result is a fall in activity. When price adjustment is blocked, the system may crack instead of bending.

In the public sector a number of the more absurdly excessive claims, such as that just lodged by the local authority manual workers, are "justified" in terms of the need to eliminate low pay. This can indeed be a problem in two senses. There are a few industries in which there is a danger of exploitation in the 19th century sense: most have been covered by Wage Councils for half a century.

Difficulties also arise where wages are so close to social security levels that there is little or no net reward for work. The Government has been approaching this on the right lines with unconditional benefits such as the child benefit which raise working as well as unemployed incomes. The wrong answer is to impose a national minimum wage and then try to push it up towards the average.

Soldiering on

These demands, together with the size of claims and the despairing cry for work-sharing, are a depressing sign of how much still needs to be done to show union leaders where their own members' true interests lie. There is sometimes more sense on the shop floor, where the successes of the Government's past anti-inflationary policy are being enjoyed, and where families will soon be benefiting from policies designed to raise incomes where there is need, rather than earnings whether or not there is any improved output.

The government can now only do its best to try to make its own policies stick, using a strong pound and foreign competition to enforce reality in the competitive sector, and fighting as best it can for rational settlements in the public sector. It may be a tragedy, as Mr. Healey and Mr. Heath have said, that this must be done against destructive union opposition; but to have bought a distorting and unenforceable "agreement" at the price asked would have been a greater one.

Priorities for town halls

THE Association of Metropolitan Authorities, the representative body for local councils in London and the six largest English conurbations, published yesterday a study ambitiously entitled future priorities in local government expenditure. In practice, what the document boils down to is an argument for re-juggling priorities within public expenditure as a whole so as to favour local authority programmes in general and those of the association's members in particular.

It is critical of the fact that the fastest growing sector of central government spending is transfer payments, such as social security and aids to industry. It believes that if more were to be spent instead on what the association describes as the "productive side" of public expenditure, local government could make a positive contribution both to increased employment and national economic recovery without damaging side-effects on, for example, the rate of inflation.

Thrust

For all its special pleading, the study does make one or two good points. It suggests that the money allocated under the job creation programme and its successor, the special temporary employment programme, to projects which, by definition, have to be of limited duration and low spending priority, could be more fruitfully employed on the re-training of the unemployed or on the rehabilitation of derelict industrial land in urban areas.

Similarly, the authors believe that if it is desired to encourage more 16-18 year olds to stay on longer at school it would be more sensible to tackle the shortages of staff, workshop and specialised equipment required for the instruction of this age group than to introduce, as the Education Secretary has proposed, a mandatory system of 16-plus student grants most of which would go to young people who would have continued their full-time education without them.

The study's general thrust is however unlikely to evoke a warm response either from the present administration or from a future Conservative government, even though the AMA is now dominated by Conservative-controlled local councils. Nor are the other local authority associations, who believe that the metropolitan areas have already been over-favoured under the guise of tackling the problems of the inner city, likely to take kindly to many of the AMA's detailed proposals. Nevertheless, the basic idea—of looking at priorities in local government spending—is a good one.

Awareness

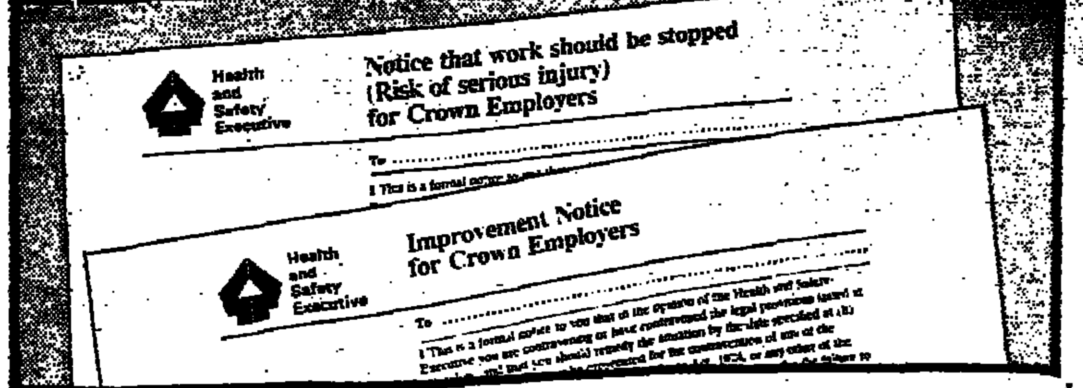
The development is welcome, in the first place, because the country is unlikely to be able to afford as rapid a rate of growth in local government spending in the future as in the past.

Secondly, there is a need to re-assess priorities — cutting back in some areas so as to provide more resources elsewhere—in the short run as well as over the longer haul since this year's rate support grant negotiations have again shown that local councils' spending policies will lead in aggregate to a higher level of expenditure next year than was envisaged in the last public expenditure White Paper. Finally, local authorities would like to be subject to less interference from Whitehall in matters of detail while conceding the Government's overriding interest in total public spending. They would be more likely to succeed in this aim if they were able to demonstrate a tighter grip on priorities.

This should embrace such matters as charging policies, getting better value for money, and making greater use of existing capital assets as well as identifying areas like education (now that the school population is declining) or housing subsidies where money might be saved. Nevertheless, the AMA's study could be a start.

Health and Safety Commission takes on Crown Immunity

BY PAUL TAYLOR



Mr. Bill Simpson, chairman of the Health and Safety Commission: the ball is in the Government's court.

UNDER pressure from the Health and Safety Commission, and in particular Mr. Bill Simpson, its chairman, the Government is at present considering whether it should change the law on Crown Immunity to rid the Health and Safety at Work Act 1974 of an anomaly affecting over 2m Crown employees.

Crown Immunity against prosecution for criminal offences, such as those under Health and Safety at Work Act, applies to "the Crown and all bodies which because of their function are treated as the Crown." The full list of Crown bodies is very extensive. It embraces all Government Departments employing in total about 600,000 people, the National Health Service, Regional and Area Health Authorities including 300,000 nurses, and over 200 "grey area bodies" like Government research councils and Government workshops.

Crown Immunity applies for example to Naval Dockyards, Royal Ordnance Factories, Customs and Excise, prison staff and surprisingly to farm workers on the Queen's estates. It also applies to the Health and Safety Commission and Executive itself. It does not, however, cover nationalised industries.

This means that while the Health and Safety at Work Act is applicable to these areas and to Crown employees, it is impotent to the extent that it is not enforceable. Sections 20 and 48 of the Act specify that Crown bodies have the same obligations under the Act as other employers. However, Section 48 specifically excludes Crown bodies from prosecution and prevents the Executive issuing improvement or prohibition notices against them.

A major health hazard discovered by an inspector could in theory go unrectified by a Crown body. Furthermore, since the Executive is unable to prosecute the corporate body, the Commission has instructed it not to prosecute any individual Crown employees breaking the various sections of the Act which relate to an individual's conduct.

With the introduction of regulations covering the appointment of union selected shopfloor safety watchdogs and joint union management safety committees on October 1 the problem of Crown Immunity and the anomalies it creates have been highlighted: While Crown bodies have had to recognise shopfloor safety representatives under the Act—and have indeed done so—the representatives could be prosecuted but the corporate management could not. The representatives therefore, in common with other Crown employees, are in theory vulnerable to prosecution but have no recourse to the ultimate weapon of prosecuting their employer through the Health and Safety Executive.

Crown Immunity, while not in itself resting on statute, has its roots in the historical theory that the Crown cannot prosecute the Crown. Civil, but not criminal, prosecutions against Crown bodies have been allowed since 1947 under Act of Parliament.

Since the advent of employment legislation in the 1960s Acts of Parliament which include provision for criminal prosecution have specifically excluded the Crown from prosecution.

The Health and Safety Commission is an independent body reporting to Parliament through Mr. Albert Booth, the Employment Secretary. Because it is a fringe body performing the functions of the Crown its Executive cannot bring a criminal prosecution against another Crown body. The anomalies thus created were first discussed by the nine-man Commission last year. In its annual report for 1976/77 Mr. Simpson said the matter was causing "great concern." That concern has since grown.

Unanimous decision

The three CBI-nominated members, the three TUC nominated members and the two local government nominees of the Commission were unanimous in deciding to press for a change in the law.

Against this background of growing concern Mr. Simpson first approached Mr. Booth about the matter last year. The Employment Secretary asked the Commission to provide details of specific instances where bodies covered by Crown Immunity did not match up to health and safety requirements.

These detailed cases were presented by Mr. Simpson to the Department several months ago and he said "the ball is now clearly in the Government's court. Neither the Commission nor the Department felt it would be appropriate to give examples of these cases.

There are fears within the Commission that the Department may attempt to delay reaching a decision on the major issue by questioning the Commission's examples. However it is felt that the biggest obstacle to resolving the problem remains the fear that to remove Crown Immunity for the purposes of the Health and Safety at Work Act would lead to calls for the abolition of Crown Immunity in other Acts where offences come under criminal law.

For this reason it is likely that the final solution to the practical rather than the wider theoretical question will rest with the Government. The Commission said that it has already been given an assurance that "there are no insurpassable legal or constitutional problems" in removing Crown Immunity from the Health and Safety at Work Act.

The Civil Service Department stresses that Government Departments are conscious of the provisions of the Act and are implementing them. It strongly rejects any suggestion that Crown bodies are in any way "more dangerous" places to work than the private sector and points out that since Ministers are answerable to Parliament there is an additional health and safety safeguard for Crown employees which is not available to employees in the private sector.

In thte meantime the Commission has instructed the Executive to take two steps which clearly indicate the impact of Crown Immunity on the effectiveness of the Act.

First, the Executive has begun issuing "Crown Notices" in place of the standard improvement and prohibition notices. These Crown notices come in two forms, the "Improvement notice for Crown employers" and the "Notice that work should be stopped (risk of serious injury) for Crown Employers."

Both indicate that the Crown cannot be prosecuted under the Act or for failure to comply with the notice. But they both say "failure to comply is a serious matter and will result in a formal approach from the Health and Safety Executive to an appropriate person with higher authority in your organisation or, if necessary, from the Chairman of the Health and Safety Commission to the responsible Minister."

These Crown notices have no legal status but Mr. Simpson said they serve as "markers" and have also encouraged the Executive to search for a working definition of responsibility in the complex corporate structure of Government departments.

Second, while under sections seven and eight of the Act public servants, like managers and employers in the non-Crown sector, can be prosecuted if they do anything which endangers the health and safety of themselves or other workers, the Executive is not operating this section of the Act against Crown employees.

Mr. Simpson said Crown bodies are "no better or worse" than other employers but the fact that the Executive has been able to compile a dossier identifying health and safety hazards in the Crown sector implies that the 2m employees in the sector are exposed to risks which might have been eliminated had they been working for a different employer.

It is not only in the Crown sector that the impact of Health and Safety at Work Act is beginning to be felt. The introduction of safety representatives and committees with the backing of the Commission has thrown a spotlight on whole areas of the nation's working population not previously covered by safety legislation. These are the "new entrants." The Commission classifies the whole of the Health Service, education, Government departments and sections of local government as new entrants.

Before the introduction of the Health and Safety at Work Act other legislation, like the Factories Acts, had covered health and safety in these areas. (The Factories Act, administered by local authorities, was applicable to Crown factories; however Ministers could exclude them from its provisions. There was thus no clear statement of Crown Immunity.) The full impact of the Health and Safety at Work Act can be understood by the fact that the introduction of safety representatives and safety committee regulations were delayed by Government in spite of strong protests fro. the Commission in 1976 "because of the potential cost in the public sector."

Health and safety within th new entrant areas is being monitored by the Health and Safety Executive's 400 inspectors. To deal with its new responsibilities the Commission has ordered a series of studies into these areas to lay down a framework for future monitoring.

Studies of universities, schools and hospitals have already been completed and presented to the appropriate bodies for consultation and the Executive has begun a programme of inspection.

Mr. Simpson said it was too early to assess the impact of new legislation on these areas. Once again the main problem facing the Executive's inspectors appears to be the identification of management responsibility. He said "we have had some difficulty sorting out the management structure in some cases."

Bringing local authorities into the mainstream of health and safety legislation has resulted in some reorganisation of functions. As well as their responsibility for enforcing sections of the Factories Act, local authorities also for example licensed the storage of explosives and petrol.

Under recent agreement reached with the local authority associations the local authority inspectors will also enforce regulations in several new entrant fields including social and welfare work. However, the Executive has insisted on the right to inspect local authority premises thus avoiding the problems of self-inspection.

Underlying intention

Given the Commission's current preoccupation with the anomalies of Crown Immunity and the complexities of operating the Act in the new entrant areas it would be easy to misunderstand the underlying intentions of the Commission and Mr. Simpson.

However, with a background in the steel Industry as a foundry worker, Bill Simpson is a man aware of the deficiencies of legislating for reform. He was seriously injured by a box weighing a ton. He said philosophically, "I have had my share of burns and minor injuries. I was working in a dangerous industry." Trade unions he saw as a vehicle for reform when faced with a lack of interest in health and safety shown by managements, and by "workers who took chances. I realised that wages and a lot of other things were often treated with more importance than safety," he said.

"Trade union safety representatives are he said. "a milestone in safety legislation, but not a milestone we are going to sit on."

An area causing him concern is the low level of fines imposed by magistrates and other courts for offences under the Act. The maximum fine was recently increased to £1,000 but Mr. Simpson believes magistrates should take a tougher line towards offenders. He said the Executive's records were littered with "nodding fines" for serious offences and believes that such fines undervalue the importance of the work.

Mr. Simpson has drawn the problem of low fines, for example a fine of £100 against an employer where an employee lost four fingers because there was no guard on a machine, to the attention of the Lord Chancellor. He is still waiting to see whether the recent introduction of the higher maximum fines of £1,000 has an effect on sentencing. In 1976 when the maximum fine was £400 the average was only £95.

The courts are however a last resort for the Commission and the Executive. It is the possibility of prosecuting offenders under the Act rather than the penalty itself which Mr. Simpson sees as important.

Against this background Mr. Simpson believes the Commission's role will be to place a growing emphasis on self-regulatory health and safety procedures like safety committees, industry-based advisory committees or through sector codes of practice approved by the Executive.

Amendments to the Health and Safety at Work Act are, he said, not required. He claims that in four years of operation there has never been an incident in which the Act has been found to be lacking.

MEN AND MATTERS

Forecasting a decline

This afternoon that battered campaigner, The National Institute of Economic and Social Research, is launching an appeal for money with backing that most fund raisers would cherish. Gordon Richardson, the Governor of the Bank of England, has issued invitations to the chairmen of Britain's pillars of finance. And at tea-time they will listen to Lord Roll and David Worswick, president and director of the Institute, present their case. Yet the appeal may not be so smooth an operation as was hoped.

The Institute long had a near-monopoly of short-term economic forecasting in Britain, enjoying a reputation as an arm of the economic establishment.

But in the last few years its position has been increasingly challenged by the mushrooming of forecasters. Moreover its standing has suffered as its recommendations regularly showed that it was one of the faithful keepers of the old-time Keynesian religion of reflationary policies in the face of the rising tide of monetarism.

The new appeals have thus led to some hostile voices, not least from the Conservative Party's arch-critics of Keynesian orthodoxy. Norman Lamont, an opposition industry spokesman, has noted that some might question the Governor's use of his official position to play host to today's gathering. Lamont also teasingly wondered why if the Institute is being supported the free-market Institute of Economic Affairs should not be?

Lamont even suggested dividing the taxpayers' annual £500,000 grant to the Institute —four-fifths of its income— between a variety of forecasting institutions. Ironically, fears of just such a change by a Conservative government are probably one of the reasons for the present appeal.

Timely export

Leyland, or BL as we must now call it, is not perhaps our shining white hope in the export market. But a product that will be forever England (for the year at least) is being despatched from Cowley to countries as far apart as Columbia and Mogadishu.

The BL subsidiary, The Nuffield Press, set up 50 years ago to print handbooks for the bull-nosed Morris, has just branched out for the first time into selling abroad. It has met with extraordinary demand for its glossy calendars.

One version contains photographs of Oxford the Golden — which appears to exclude Cowley. The other displays the charms of Britain in general. "The export demand was the biggest surprise," says Jack Field, managing director. "We almost sold out on the total print run of over 50,000. Obviously English country scenes are admired the world over."

Delayed calling

The wives of the Archbishops of Canterbury and York do not usually sign petitions, particularly ones addressed to their husbands. But now they can be found among the several hundred Anglican laity who are telling next week's General Synod of the Anglican Church of their support "not only as a matter of principle but also as a matter of urgency for the ordination of women to the historic priesthood of the Church of England."

This declaration was drawn up by a group of notables including the Earl of March, Lord Redcliffe-Maud, Sir Bernard Miles, and Mrs. Diana Collins. "The voice of the vast majority of Anglicans is not heard and there is no practical way for it to be heard," explained the Earl of March, a former member of the General Synod.

Mrs. Collins explained that signatures were "rolling in in a spectacular manner" and one priest present complained "Anglicans in other continents are ordaining women but we, the Mother Church, are lagging behind."

In fact, the last General Synod vote on the issue was in July 1975 when it was ruled that there was "no fundamental objection" to ordaining women. This July the Lambeth Conference of Anglican churches came up with what Mrs. Collins said was a truly Anglican resolution—everyone accepting the practice of everyone else. But even if the Synod does rule in favour this would only be "one of the crucial votes," or so the Earl of March stated. And he warned that by the time the question has been down to the dioceses, back to the Synod, passed the three stages there and been debated by Parliament five years could pass. One nun present was asked if she would consider ordainment. Her comment was a diplomatic: "I don't feel the Holy Spirit is calling me yet."

Checkpoint

Most organisations have regular correspondents who, in the words of the Office of Fair Trading, "need medical attention." The O.F.T. is no exception. But thanks to the growth of the consumer affairs industry, it also has to deal with a good number of letters from people less mad than muddled, who address their grievances to such non-existent bodies as the Office of Trading, and the awesome-sounding General of Fair Trade.

"People get terribly confused," an O.F.T. spokesman told me. "But once they have written a letter they expect some sort of solution and get cross if you can't provide one. There are callers who just can't get it into their heads that we are not the Trading Standards Office however many times you tell them."

The O.F.T.'s function is in fact to monitor complaints on a national basis, but locally these are dealt with by Consumer Advice Centres, Citizen's Advice Bureaux, and others. So it is no doubt from one of these that the anonymous official emerged to investigate the complaint, mentioned here last week, about the book on the Karpov-Korchnoi chess match. Although the former British chess champion Bill Hartston thought the O.F.T. had sent in one of its own henchmen, the O.F.T. tells me that despite having a King, a Knight, and a Bishop on the staff, official interest in chess is "absolutely nil."

Hot sale

Card in a Southend shop window: "Furnished flat to let for winter. Living room, double bedroom, emotion heater."

Observer

FINANCIAL TIMES SURVEY
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European Construction Equipment

Slack times in the construction industry are making life difficult for the equipment suppliers. For most the only lifeline is exports, but here they are running up against severe world competition, particularly from the giant American multinationals operating from a secure domestic base.

Warring in a tough arena

By Kenneth Gooding

EUROPE RANKS second only to the U.S. in the construction equipment business with an output worth about £3bn last year. And because the U.S. manufacturers export a relatively low percentage of their production, Europe is the world's major exporter.

But some would argue this reflects weakness not strength. Their vast home market, with a reasonably steady growth rate, has in the main allowed the North American-based multinationals to make profits and continue investment whatever the trading climate elsewhere in the world.

In 1977 Caterpillar, which dominates the construction equipment industry with some 50 per cent of the Western world's sales, increased turnover outside the U.S. only marginally from $2.945bn to $2.966bn. Yet its profit jumped from $383.2m to $445.1m thanks to a 37 per cent increase in domestic sales to $2.88bn.

This was achieved at a time when most European construction equipment makers were *only marginally profitable, if* they made any profits at all. After the 1973 boom the recession has been deep and prolonged, and it is not only the European-owned companies which have been feeling the pinch; the recent difficulties of Massey-Ferguson are one striking example. Yet to the North American companies Europe remains of crucial importance, both as a market in its own right and as a manufacturing base from which to supply other markets.

Most of their executives would agree with the sentiments of Mr. Bert E. Phillips, chairman of Clark Equipment, who told me recently after a tour of the group's European operations: "We are totally committed to our European businesses. It is absolutely necessary for us to be in Europe, after all it is our second-largest market.

"What is concerning us about Europe is the slow growth rate. And there is nothing on the scene which suggests this will change." Clark's construction equipment plant at Strasbourg in France has been working a four-day week and at only about 40 per cent of capacity. "We must just make sure that we can make money at these reduced levels of activity," Mr. Phillips commented. And, just to prove that he meant what he said about Europe, he mentioned that Clark was thinking about having its tractor shovels assembled in Britain by Cosmos, the crane-making concern in which Clark has a 50 per cent shareholding.

In comparing the American and European companies it also becomes clear that the Americans more often than not have the technological lead (and the major share of output) in heavier construction equipment. Until recently only the Germans offered any noticeable European presence at the heavy end.

When the Committee of European Construction Equipment (CECE) recently drew up a list of sectors where European manufacturers lead the world with technology and sales, it contained smaller products such as concrete mixer systems, mixer lorries, concrete pumps, concrete compactors, hydraulic excavators, road rollers, crushers and screening machinery. This helps to explain why there are as many as 800 companies having to share the £3bn turnover of the European construction equipment industry.

Disturbing

That too is a disturbing statistic because in most parts of the industry size is important. A big volume, coupled with standardisation of components and parts, is the way that profit is made. Profit is needed for the research and development effort required if customers are to be offered machines which provide greater reliability and productivity.

One of the most illuminating points made a couple of years ago at the early stages of Britain's industrial strategy programme was that Caterpillar had been spending around $94m a year on research and development. Komatsu of Japan had been spending around $28m. And the whole of the UK construction equipment industry had been spending about $9m.

Europe does have one group which is moving towards a size that takes it within reach of the North Americans. Fiat-Allis, in which Fiat of Italy has the majority shareholding and management control, had sales of L550bn (around £330m) in 1977. (Compare this with the leading UK manufacturer, J. C. Bamford, which was aiming for £100m in 1978).

Fiat-Allis's immediate aim is to move into third place in the world league. After Caterpillar, with 50 per cent of the market, comes Komatsu with some 10 per cent. Fiat-Allis claims it is running neck and neck with J. I. Case (part of Tenneco of the U.S.), International Harvester and John Deere, each with around 6 per cent.

Fiat-Allis is a combination of Fiat's construction equipment operations and those of Allis-Chalmers of the U.S. The deal suited both partners because Allis-Chalmers had a business which was, in North American terms, not large enough to be consistently profitable and Fiat in one bound gained a significant presence in the vital U.S. market. It picked up Allis-Chalmers' two plants in the States as well as slotting into its dealership network.

This must certainly have helped sustain the group in the past year or so, for while the U.S. market has been relatively buoyant, in Europe demand has been weak.

In the 18 months to the end of 1977 the UK construction equipment makers saw no growth in demand for their products and output remained at about £800m a year. There have been redundancies and short-time working has been commonplace. Output this year will hardly improve.

In France production of construction equipment fell by 7 per cent last year from the 1976 level to FFr 6.8bn (roughly £800m) and since the peak period of demand in 1973 employment in the French industry has fallen by 15 per cent.

In West Germany life has been even more difficult for the manufacturers because of the high value of the Deutsche Mark. However, last year the construction equipment industry managed to maintain output at around the DM 5.29bn level (£1.37bn).

Faced with lifeless home markets the European companies have been exporting as never before. Competition in the few active markets is fierce. Hidden subsidies abound, often in the form of export credits. This helps to explain the amount of triangular business manufacturers are involved in—that is, selling equipment to an overseas contractor in one country for use in another.

There has been much talk among the Europeans about possible technical co-operation deals and about swapping or sharing research and development. But the concept of full-blooded mergers between companies from different European countries does not appear to hold much appeal.

The restructuring of the industry that is going on is confined within national boundaries, as with the development, via acquisitions, of Aveling Barford of the UK (subsidiary of BL, formerly British Leyland) into a much more sizeable entity.

Obstacles

Instead of pan-European co-operation, local protectionism has reared its head as a partial response to the recession. While the Common Market prevents blatant tariff barriers going up, capital equipment of all types offers scope for technical obstacles. The most recent example was the decision of the French to impose new regulations governing fork-lift trucks, including the important rough terrain lift truck sector where French companies are especially strong. Manufacturers were given only six months to comply and it seems possible that only the French manufacturers will be able to make the changes in specification in time.

Unfortunately, the boost to trade which would end the pressure for such measures seems far off. For example, the recently published mechanical engineering trends survey produced in the U.K. by the Engineering Employers Federation had this to say:—

"Output [of construction equipment] has not grown significantly since 1973. The construction industry remains depressed in the U.K. and in other industrialised countries. Construction activity in the UK is expected to increase very slightly in 1978 and 1979. This should be sufficient to ensure no further fall in home market order intake. Export prospects, however, are less hopeful."

In the longer term, too, the Japanese are likely to become a more significant force in Europe, although the appreciation of the yen is a restraining factor. Komatsu, which makes a wide range of crawler tractors and other equipment, has been considering the use of more locally made components in its machines sold in Europe, and this could lead to assembly or partial manufacturing operations.

It is, however, in third markets that Japanese competition is most evident and this is a source of some resentment in Europe. There is a feeling that Japan is making headway into most of the world's important markets (and making life tougher for the Europeans) yet at the same time keeping its own doors tightly shut against imported equipment.

Dr. Heinz-Gunter Kühlen, a director of Orenstein and Koppel (O&K) of West Germany and current president of CECE, complained publicly when he formally opened the European construction equipment exhibition in France early in the summer. "Japan is at present a closed market. This has to be stopped. The Japanese must be made to understand that trade is a two-way operation."

The Europeans have since then joined forces with the trade association representing American manufacturers to put pressure on the Japanese to open up their market for construction equipment. But this bid to persuade the Japanese to accept the concept of "equal opportunity" in trade is more about a matter of principle than opening up a vast new market for construction equipment.

There is no doubt, however, that there is tremendous but latent world-wide demand for construction equipment; and once the industrialised countries permit themselves a little more economic growth, that demand should materialise.

It has been estimated that world economic output must increase by more than 50 per cent in the next 25 years to provide the equivalent of today's living standards to the population which will inhabit the earth when the next century opens. There will be increasing demand for energy, food, housing, minerals and transportation—and more and more construction equipment will be needed to cope with this demand.

For the European companies, though, the danger is that the North American multi-national groups and the Japanese will win the lion's share of the business. Some changes in structure and organisation may be needed if the Europeans are to improve their share of an increasing world trade in construction equipment.

Sales potential in Third World

THE RAPID growth in the economies of the wealthier developing countries in recent years has provided a valuable source of new markets for the world's construction equipment manufacturers. Their importance has become even more significant since the post oil-crisis recession cut back construction activity in the industrialised countries.

The sudden wealth of the oil exporting countries led to huge spending programmes on construction, and these are the markets which have proved most fruitful for the equipment manufacturers. Without this bonanza the industry would have found it impossible to maintain capacity at its current levels.

Among the industrialised countries the U.S. remains far and away the biggest market for construction equipment—over 50 per cent of world demand originates there. It is also of course a very big producer. Even so, it still ranks third in the list of importing countries—a demand gap which is met largely by the Japanese and to a lesser extent by European companies (although not by Britain).

Japan is also a very big market in terms of demand, and an important manufacturer. So far as imports are concerned, however, it is tiny. Europe on the other hand has a highly developed trade in construction equipment. France, for example, is the biggest market for UK exports, although some of this can be accounted for by equipment being exported to the Middle East through France.

Similarly, quite a lot of the equipment which is shown as being exported to Europe is destined for contractors who take it out to developing countries.

Manufacture of construction equipment in the developing countries is small, although some of the more advanced economies — notably South Korea —have significant contracting industries. Where plants have been established—in Brazil and Mexico, for example — it is usually because governments have either banned imports or imposed other restrictions.

This means that the developing countries have become a vital outlet for the manufactures of the developed world. It comes as no surprise to learn that these markets are dominated by the same American and Japanese manufacturers which take such a large share of the rest of world markets, and by the international groups which have been formed in the past few years.

The reasons are that the developing countries can be difficult to get established in — a company probably needs to think in terms of persevering for about six years before it can reckon on gaining a firm foothold — and buyers naturally turn to the companies which can offer a wide product range. This does not mean, however, that smaller companies are ruled out. Their chances are obviously improved if they offer a specialised product.

Clinching

Finding a good distributor is all-important. For a company that cannot offer a full range — and most UK-owned companies cannot — it will have to find a distributor whose range does not include that company's equipment. Success in clinching a distributorship will often depend on comparability of parts, and manufacturers will specify components accordingly.

The geographical remoteness of these markets means the service and back-up facilities are particularly important, but they are for the same reason very costly to organise. The manufacturer will also be expected to finance stocks and parts, and sometimes to throw in extras such as personnel training. This all adds to the costs, which if they are to eat into margins must be reflected in the price. Once established in a market, however, a company can make quite a handsome business out of spares. They can often be more rewarding than the sale of the original product.

At the same time, the specifications of equipment for the developing countries are far less demanding than for the rest of the world.

But the considerable overcapacity of the industry worldwide has led to substantial price-cutting by the companies that can afford to indulge in it, and this has been very noticeable in the markets of the developing countries during the past year. The U.S.-based manufacturers have also been able to take advantage of the sustained weakness of the dollar.

In many industries the U.S. is not export-minded and it is taking time for companies to reap the export advantages of the dollar. But this is certainly not the case, with the internationally orientated construction equipment companies.

Competition from the Japanese, who have had to cope with an appreciating currency, has not diminished. In fact in some areas—mobile cranes, for example—the Japanese have become even more competitive recently.

All these factors have been present in the Middle East markets with the result that there are huge stocks of equipment in countries like Saudi Arabia and Kuwait and too few buyers. Coupled with the slow-down in the rate of expansion by some countries in the Middle East, this has led many companies to divert their attentions from this part of the world.

Nevertheless the Middle East has been, and remains, the biggest of the developing country markets. Three years ago Iran topped the list for world importers and probably still holds that position. Exports from the U.S. accounted for 43.3 per cent of the Iranian market, followed by Japan (12.8), Germany (11.1) and Britain (9.1). Saudi Arabia ranked fifth among importers, and here the U.S. again topped the list of suppliers with 31.9 per cent, followed by Japan (27.3), Britain (10.1) and Belgium (9.9). Iraq was the ninth biggest export market, with W. Germany taking the top place at 26.9 per cent, Japan (24.4), the U.S. (21.2) and Britain (9.9).

The list of the most important export markets for the UK is slightly different from the world order, but includes three Middle East countries—Saudi Arabia (second), Dubai (sixth) and Iran (seventh)—among its top ten.

Nigeria is also a very big market. Buoyed by its oil revenues, Nigeria's imports from the industry doubled in 1975 alone, and it now ranks third in the UK's list. In world import terms it is 14th. The close ties between the UK and Nigeria have made it obviously a more accessible market for the UK industry. But it is also showing signs of the saturation which has taken the shine off parts of the Middle East, and some companies are pressimistic about its future importance. This view has been strengthened by the Nigerian Government's threat of banning "all" imports, although it is not yet known whether construction equipment will be excluded.

Uncertainty about Nigeria and recognition that much of the Middle East boom is probably over has sent companies scurrying in search of other markets. Many report success in the countries such as Egypt, Libya, Syria, Sudan and Algeria. Their growth potential is obviously considerable, but the degree to which they can make up for ground lost in the traditional Middle East countries will depend on their ability to pay for construction projects, as well as unknown factors like political stability.

The new Commonwealth countries in Africa also present export opportunities, and these are areas where British companies should have some advantages. The sort of expansion that has been seen in Nigeria, however, is obviously not going to be repeated in these countries.

South Africa is a big importer of construction equipment, but like Australia is a market where the UK has lost out extensively to Japan. In 1970 Australia and South Africa accounted for 16.7 per cent of exports from the UK, but by 1976 this share had dropped to 5.6 per cent.

While Africa and the Middle East might be regarded as reasonably accessible markets for British companies, the other great areas of the developing world—the Far East and Central and South America—have come to be largely dominated by Japan and the U.S. respectively. Indonesia, however, was one of four countries singled out by the NEDO sector working party on the industry as a market where the UK should be able to make inroads—the others were Nigeria, Sudan and Egypt.

Forecasts of growth rates in the developing world have to be treated with even more reserve than for the industrialised world. But economists at the World Bank expect these markets to continue, expanding into the eighties, although this trend will not necessarily apply to each individual country. The main hope for the construction equipment industry must be that the Middle East will continue to spend massively on construction projects, although it is obvious that there has to be an adjustment to slower growth rates than in the past few years.

Next come the more sophisticated developing countries. Their future demands are sure to be mixed, and there may well be pressures for companies to set up manufacturing units in some of these countries. On the other hand there does not appear to be the same threat from these countries to challenge the manufacturers of the developed world, as is the case for some other major industries.

By a Correspondent

Komatsu, whose D155A crawler dozer is shown here, is Japan's leading manufacturer of construction equipment and second only to Caterpillar in world markets

Strategic choice on products

THE RANGE of equipment needed for building and civil engineering work is so wide that no single manufacturer could possibly hope to supply the contractor's total requirements. Thus the construction equipment industry provides scope for a great variety of companies, small, medium-sized and large. Some specialise in one or two products while others offer a full line of machines. Some are content with a local market while others aim for a major presence in all the big consuming countries.

Economies of scale are important, but not as compelling as, for example, in the motor industry, if only because the volumes are relatively small. A manufacturer is operating on a sizeable scale if he is making, say, 4,000 wheel loaders a year or 3,000 hydraulic excavators: in the heavier machines like graders and off-highway dump trucks volumes are generally in the hundreds rather than the thousands.

While rationalisation is taking place in parts of the industry, it is still possible for the entrepreneur with a good product to set up in business with a relatively small initial investment. Some of these entrepreneurs, like Hans Liebherr in Germany and J. C. Bamford in the UK, have built up very substantial organisations. Others have been content to stay small, but often retain a useful share of their local market.

Thus F. Weatherill, a family-controlled company, has consistently held a leading position in the British wheel loader market, despite continuous assaults from the big North American companies. Companies of this sort can often offset any disadvantages stemming from their size by producing a sound product and carefully tending their customers: as one of them puts it, "customers like to be able to ring someone whose name is on the machine."

This is not to suggest, of course, that profits in the construction equipment business are easy to come by; it is highly cyclical and competition is intense. Hence the choice of marketing and product strategy is crucial. Put in an oversimplified way, the strategic choice is whether to compete across a broad front, making and selling a range of different machines, or to concentrate in one or two segments of the market. This is oversimplified, because there are numerous gradations between the one-product specialist and the so-called full-line manufacturer.

Another way of putting the problem is—how does one compete against Caterpillar? Does one look for niches which are too small or too specialised to interest the giant? Does one aim to compete against Caterpillar in part of the range, hoping to design and manufacture machines which will be so outstanding in their class that customers may prefer them to those of Caterpillar? Or does one aim to build an organisation that can compete against the giant across virtually the whole range?

Advantages

The advantages of the full-line supplier are several. One is the ability to attract strong distributors, who may like to obtain the bulk of their equipment from a single source. They are offered a family of machines, probably using common engines and other standard components; this facilitates service back-up and the supply of spares. The manufacturer and his distributor may also be in a stronger position when bidding for large tenders, particularly in developing countries; the customer may prefer to deal with a single supplier upon whom he can totally rely. For the manufacturer, a range of complementary machines provides scope for scale economies. Product development costs can be spread over a larger turnover.

The other side of the coin, illustrated by Massey-Ferguson's recent experience, is the danger of becoming over-extended, especially in a period of recession. When a number of factories are operating below capacity, stocks of unsold machines are large and there is an expensive sales and service organisation to maintain, the strain can become unbearable. The small company can often react more quickly to market changes. Perhaps Massey-Ferguson would have been wiser to have confined its efforts to the product where it has long had a strong position—the backhoe loader, the machine which uses some of the same components as the farm tractor—instead of attempting to become a full-line supplier.

Moreover it is possible, by specialisation, to achieve a strong position in international markets. The outstanding European example has been Poclain in hydraulic excavators. The fact that Poclain ran into a financial crisis, largely through faulty technical and marketing decisions, does not undermine the case for the specialist. In other fields the specialist has been consistently successful, as Grove of the U.S. and Coles of Britain have shown in mobile cranes.

There is an understandable anxiety among specialists about being too dependent on a single product. But the more they widen their range, the more likely they are to face head-on competition with the giants. As they take on new products, they are less likely to be able to claim a technical edge over their rivals. Clark Equipment of the U.S., which is strong in a number of market segments but is certainly not a full-line supplier, might argue that a balanced portfolio of four or five major products is the right balance, provided the manufacturer can genuinely achieve excellence in his selected areas. But others, with fewer established products, are more vulnerable.

Niche

Finding a niche and staying in it can be a route to success, especially for smaller manufacturers. Companies like Blaw-Knox in paving machines and Thwaites in small dumpers are not up against Caterpillar or the other full-line giants; they have been able to retain, by the quality of their products and their marketing, a strong position. DJB Engineering makes articulated dump trucks which are complementary to the Caterpillar line and are actually sold through Caterpillar distributors; this company has had a remarkable period of growth and now exports 85 per cent of its output, with the U.S. as the biggest market.

It is possible for what seemed a specialised niche to grow in size and importance so that the full-line manufacturers are attracted into it. This could be happening in rough terrain fork lift trucks, a market which French companies, led by Manitou and Sambron, largely pioneered; they still have the largest share of the business, but the bigger companies are moving in.

The argument between the full-line manufacturer and the specialist will never be completely resolved. The construction equipment industry does not lend itself to sweeping structural rationalisation. There are scores of small operators around Europe who buy in their engines, transmissions and other components and assemble an acceptable, low-priced product, selling in sufficient volume — often well under a hundred a year — to provide the owners with a living.

Predictions that these small concerns would be swept aside by the big companies have consistently proved false. It is when the small company sets its sights higher and seeks to establish itself on the international scene that the problem of strategic choice arises. Success in the world league requires, not necessarily great size, but a combination of product design, manufacturing efficiency and marketing skill; credibility in the eyes of contractors takes a long time to establish.

Geoffrey Owen

PROFILE—BLACKWOOD HODGE

Case for specialists

THE SENIOR managers of Blackwood Hodge, the world's largest distributor of earth-moving equipment, are not convinced that the full-line manufacturer is about to sweep the board. The specialist producer, in their view, still has a very important role to play. So long as he makes the best or one of the best machines in his category, there is no reason why he should not attract good dealers and retain his share of the market. Just because Caterpillar decides to design and build its own hydraulic excavator, the argument goes, it does not necessarily follow that the specialised European makers of that product will lose out.

Mr. Charles Ferguson, group managing director, Blackwood Hodge.

The heart of Blackwood Hodge's business is the Terex line of equipment made by General Motors. The main source is General Motors' Scottish plant (which is one of the UK's largest exporters of earth-moving equipment), but Blackwood Hodge also sells the Terex equipment which is made in North America.

Terex makes off-highway trucks, scrapers, wheel loaders and crawlers. It is a broad line, but not a full one—and Blackwood Hodge argues that this can be an advantage for distributors. It means they can offer products complementary to the Terex line—say a Champion grader or a Poclain excavator—depending on the conditions of the market and preference of the customer.

What matters, says Charles Ferguson, who was recently appointed group managing director of Blackwood Hodge, is the dealer's "biddability"—his ability to put together a package of machines to suit the particular order, and this package certainly does not all have to come from the same manufacturer. (This applies to some extent even to the Caterpillar dealer; although the Cat range is wide, it does not include, for example, mobile cranes, where the dealer might offer a machine made by Grove, Coles or one of the other specialists in that field). Indeed the contractor may prefer not to put all his eggs in one basket.

Thus although Blackwood Hodge handles Terex equipment in most parts of the world, it has a variety of other franchises. In Britain, for example, it sells Hydrocon cranes, Magirus Deutz on/off highway trucks and Champion graders, while a separate subsidiary represents JCB in South East England. Overseas, Blackwood Hodge has a variety of franchises in different countries, including Atlas Copco, Bucyrus-Erie, Harnischfeger and several others.

The great strength of the Blackwood Hodge organisation is its worldwide sales and service network; its managers believe that there are only two really powerful international sales organisations in construction equipment, its own and Caterpillar's. In some of its markets, notably West Africa Blackwood Hodge was first in the field and it remains easily the strongest concern in this business.

France and Germany have been more recent areas for attack and there the company has not been helped by the sluggish demand of the past few years. But Blackwood Hodge has followed its established policy of setting up its own subsidiaries and its own depots around the country; it is convinced that it can get a worthwhile and profitable share of the market.

It is particularly interested in cultivating the big international contractors. Concerns like Dumez, Spie-Batignolles and Fougerolle, bidding actively for large contracts in Africa and elsewhere, often place their orders in France for delivery in the territory where the work is to be carried out; Blackwood Hodge is looking for substantial business in French-speaking Africa as a result of its presence in France. The contractor must be able to count on meticulous after-sales service and product support, and that is what Blackwood Hodge can provide.

G.O.

Blackwood Hodge in 1977

	Sales £000	Trading profit (loss) £000
Britain	71,632	10,103
Europe	43,180	(947)
Africa	68,548	11,731
Australia	40,271	2,725
Asia	1,669	151
N. America	57,974	2,165
Total	282,274	25,926

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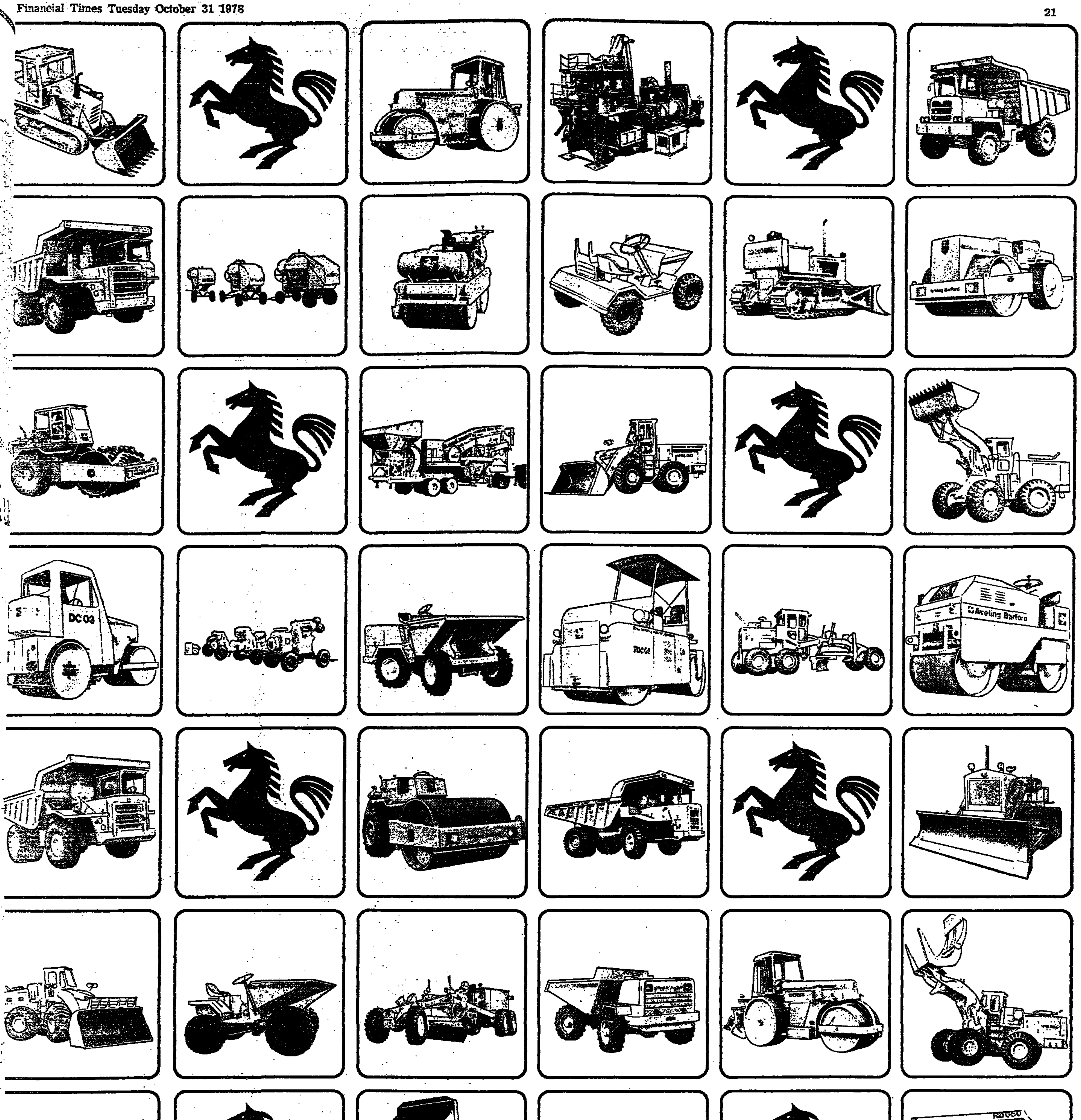

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EUROPEAN CONSTRUCTION EQUIPMENT IV

On this and the following six pages the strengths and weaknesses of the European, North American and Japanese industries are analysed, together with the competitive situation in the major product categories and profiles of some of the leading companies.

Targets in Europe

ARGUABLY ONE of the weaknesses of the European industry is that there are too many companies for which construction equipment is a rather small part of the total business and thus unlikely to be regarded by top management as of the highest priority. These companies, whether they are diversified engineering concerns like Babcock and Wilcox and Powell Duffryn, or vehicle producers like Fiat, Volvo and BL (formerly British Leyland), lack the total commitment to construction equipment which is one of the keys to Caterpillar's success. It is true that some of the Caterpillar's American rivals, including the largest ones, have suffered from the same weakness; but it seems that these companies are now organising themselves to ensure that the construction equipment side of their affairs is no longer treated as the poor relation.

It is precisely this logic which caused Fiat to hive off its construction equipment business into a joint venture with Allis Chalmers, of the U.S. As described alongside, the management of Fiat-Allis is entirely distinct from the car and truck business. Although the Italian company now holds 80 per cent of the equity, the construction equipment venture has built up its own image in the marketplace and can now reasonably claim to be one of the most credible of Caterpillar's many pursuers.

It is this search for international credibility which must be a major preoccupation. Volvo bought Bolinder-Munktell in 1950 and what is now the Volvo BM company is one of Europe's leading producers of wheeled loaders; the range also includes backhoe loaders, dump trucks and other products. Volvo has sought to strengthen its position in the market by co-operation with Poclain, the French excavator company. Volvo sells Poclain equipment in Sweden and certain other countries, while Poclain handles Volvo equipment in France and Germany.

So far these arrangements do not appear to have been disrupted by the entry of J. I. Case, the American company whose product range overlaps with that of Volvo in several areas, as a 40 per cent shareholder in Poclain. Case has taken over full control of some of Poclain's sales subsidiaries outside France, including the one in Germany. This subsidiary is now selling Case rather than Volvo backhoes, but it is continuing to handle other Volvo products.

The Volvo-Poclain arrangement lasts until 1983, but it seems likely that sooner or later some sorting-out will have to take place. Volvo BM is an important competitor in the European market, but in the long run it is possible that Volvo will seek a more permanent collaboration with another company in construction equipment, particularly in view of the heavy demands for capital arising from its car and truck business. Last year Volvo BM made a loss of SKr 21m on sales of SKr 1,686m (about (£200m), of which about half was construction equipment and a third farm machinery.

When Poclain ran into its financial crisis the French Government tried in vain to find a French rescuer. There were suggestions, notably from J. C. Bamford in the UK, that a European solution should be sought, bringing Poclain together with other European companies which together could offer a stronger challenge to the Americans.

There was neither the time nor perhaps the political will to act on this suggestion in the Poclain case. In practice most of the rationalisation which has occurred in Europe has taken the form of American acquisitions. The purchase of Hanomag by Massey Ferguson, and of Yumbo and Richier in France by International Harvester and Ford respectively, are examples of such take-overs and there could well be more over the next few years.

As for the European companies getting together, it is possible to imagine all sorts of combinations which in theory might yield manufacturing or marketing advantages. But just as in the UK hopes of setting up a "British Earthmovers Ltd." have so far foundered on financial and personality obstacles, implementing a "grand design" for the European industry would tax the ingenuity even of the most ambitious EEC bureaucrats.

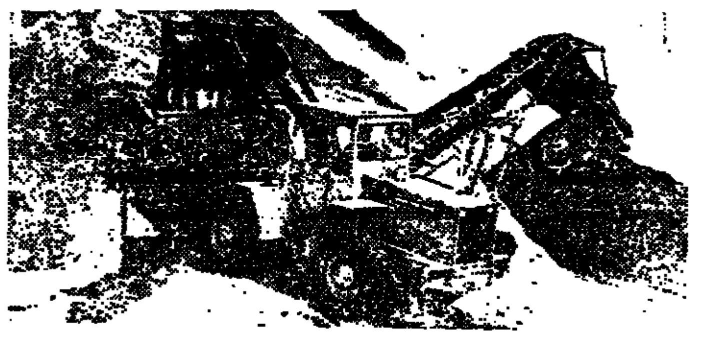
More likely, perhaps is continuation of the limited co-operation, exemplified in the Volvo - Poclain arrangement, whereby two companies which have complementary products agree to support each other. Thus Hymac, the Powell Duffryn subsidiary which is the leading UK manufacturer of hydraulic excavators, negotiated an agreement with Demag whereby it could sell the Demag machines in the UK. While Hymac's main strength is in smaller machines, particularly suitable for the British plant hire market, Demag has a strong position in hydraulic excavators of 30 tonnes and above. The combination of forces was logical: it is so far confined to the UK but could be extended to other countries.

Meanwhile, the bigger European companies will continue to battle it out, in Europe and throughout the world, against the Americans. Some of them, like Hymac, have the advantage of operating off a strong home market position from which it is difficult for outsiders to dislodge them. Akerman, the Swedish hydraulic excavator manufacturer, is in a similar position; it has a large share of the Scandinavian market and it is gradually pushing into other European markets.

The three big German companies, Orenstein and Koppel, Liebherr and Atlas-Weyhausen, appear to be coping successfully with the strong Deutschmark. Interestingly, Atlas has a supply agreement with John Deere whereby the German company supplies hydraulic excavators for Deere to sell under its own brand name in certain markets.

Limited co-operation without loss of independence is clearly one possible development for the European industry, but it may be that the competitive pressures imposed by the aggressive, full-line manufacturers will lead to more extensive changes in structure. Whether these take the form of American take-overs, or of European take-overs in the U.S. (like Daimler-Benz's purchase of Euclid), or of Europeans getting together with Europeans, remains to be seen. But it is unlikely that the pattern of the industry will be the same in 10 years' time as it is today.

G.O.



The Volvo-BM 4300 loader

PROFILE — FIAT-ALLIS

Set for steady growth

AFTER THE creation of Fiat-Allis in January 1974 the first task was to create a new image for the company. Everyone knew about Fiat cars and trucks, but its construction equipment line was limited, confined mainly to crawler loaders and dozers. Allis-Chalmers, as one executive put it, "was like an old lady with a once-famous name but going slowly downhill." The task was to unify the product range and the marketing networks and to convince dealers and contractors that the new company was a credible full-line supplier.

Fortunately the direct product overlap between the two companies was not extensive and involved principally crawler loaders of 120 and 200 hp. The general approach to product rationalisation has been that machines up to 200 hp would be made in Italy and those above 200 hp in the U.S., though there are some exceptions. The ex-Allis plant at Essendine in Lincolnshire is the sole European source for wheel loaders, while small and medium crawlers and hydraulic excavators are made in Italy: the bigger machines, including graders and scrapers, are made at Deerfield and Springfield, Illinois.

Fiat-Allis now has one product (in various versions and sizes) for each of the five major classes in which it competes—crawler loaders and dozers, wheel loaders, graders, scrapers and hydraulic excavators. The operating companies in Deerfield and Turin are responsible for selling the entire product range in their area, which for the Turin company includes Africa, the Middle East and parts of Asia as well as East and West Europe. There is a smaller company, with its own manufacturing plant, in Brazil.

The old Allis-Chalmers dealer network in the U.S. and Canada was revamped and a big selling effort devoted to the smaller Italian-built machines for which there was a large potential market in North America. "The Americans are very chauvinistic and at first they weren't interested in our spaghetti products," a Fiat-Allis marketing manager recalls, "but we have made a lot of headway. I would not say the wall is completely broken down, but a big crevasse has been opened up." The main exports from Italy are the crawler loaders and dozers. Hydraulic excavators will come later when the product has been suitably "Americanised."

The Fiat-Allis management are in no doubt about the paramount importance of a broad line of complementary equipment, especially so far as the international contractors are concerned. Sales of the ex-Allis machines in Europe, including the UK-built loaders, have greatly improved since the formation of the new company. Standardisation of components is being pursued wherever possible and in a few years' time virtually the entire range of equipment will be powered by Fiat diesels, except for the very biggest machines which will still use Cummins or General Motors engines.

In the European market for construction equipment Fiat-Allis now claims to be a clear second behind Caterpillar. It reckons to have about 20 per cent of the crawler market and perhaps 11-12 per cent of the wheel loader business. In hydraulic excavators Fiat started much later than the European leaders and its market share outside Italy is still small but growing. On the world level Fiat-Allis is battling it out for third place behind Caterpillar and Komatsu with four North American producers—John Deere, International Harvester, J. I. Case and Clark Equipment.

The aim is to reach $1bn of sales within the next few years—the figure for 1978 is expected to be over $800m—and this will probably be achieved by developing what the company has already got rather than by further acquisitions. More mergers will certainly take place in Europe—"everyone is talking to everyone, just as they are in cars"—but Fiat-Allis has plenty of scope for internal growth; it does not, for example, intend to move into the market for backhoe-loaders. With the engineering and financial resources of Fiat behind it, Fiat-Allis must be regarded as one of Caterpillar's most formidable rivals.

G.O.

FIAT-ALLIS PLANTS

Italy
Lecce
crawler loaders, dozers
Cusano Milanino
components
Turin
hydraulic excavators
Britain
Essendine
wheel loaders
U.S.
Springfield
medium and large crawlers
Deerfield
wheel loaders, graders, scrapers
Brazil
Belo Horizonte
crawlers, wheel loaders, hydraulic excavators

The Fiat-Allis 545B is one of a range of wheel loaders made at Essendine in Lincolnshire. The plant has a capacity of 1,500 wheel loaders a year and in 1977 produced 1,353 machines, of which more than 90 per cent were exported

PROFILE — DAIMLER-BENZ-EUCLID

German group's acquisition

WHEN DAIMLER-BENZ bought Euclid from White Motor Corporation last year, some observers speculated about the prospect of a head-on clash between the big Germany company and Caterpillar. Euclid is a leading producer of off-highway dump trucks and the suggestion was that Daimler-Benz could use it as the basis for a full-scale move into construction equipment. However, there appears to be no such intention on the part of the top management in Stuttgart; even if there were, past experience would suggest a slow and cautious move into the new market, rather than a sudden dash.

The acquisition is important, partly because it gives Daimler-Benz its first experience of manufacturing in the U.S., and partly because it does represent a diversification into a different, though related, market. As the 1977 annual report puts it, "the Euclid product line of extra-heavy-duty trucks complements the existing Mercedes-Benz lines in a related field that holds good prospects for the future."

Euclid has manufacturing facilities in the U.S., Canada, Belgium, Australia and South Africa. This year it is expected to have sales of about $200m, compared with some DM 26bn for the Daimler-Benz group. No dramatic developments have taken place since the acquisition—the management in Cleveland has remained unchanged—but the intake of new orders is reported to have improved.

In view of the uncertainties involving the future of White Motor (in which another German company, MAN, has just acquired a minority stake), the Euclid management no doubt welcomed the transfer to a much stronger parent. For the present the new owners seem content to develop the business gradually and there is no evidence that they intend to broaden the line in the way that some of Euclid's rivals, such as Caterpillar and General Motors' Terex subsidiary, have done. But in the longer term it would not be surprising, if Daimler-Benz, without launching a direct attack on Caterpillar, moved somewhat further into the earthmoving equipment industry.

G.O.

The Euclid dump truck, seen here working with a Clark Michigan wheel loader, represents a potentially important diversification for Daimler-Benz

FRANCO-AMERICAN ALLIANCE

New management for Poclain

[EIGH]TEEN MONTHS after Case, the U.S. manufacturer of construction equipment, acquired its 40 per cent stake in Poclain of France — the world's leading maker of hydraulic excavators — the American task-force installed at the Plessis-Belleville headquarters of Poclain has reached full strength — precisely one man.

That man is David Bigelow, former vice-president of corporate operations at Case, with 11 years with Massey-Ferguson and a stint as a management consultant behind him. He became Poclain managing director in June. He went to Poclain in response to the diagnosis of what Poclain needed above all—professional management skills capable of running the company's operations under permanent supervision.

Bigelow is not the only newcomer. But he is the only American and altogether fewer than ten new men have been recruited. Typical of them is Edmond Pauwels, a 43-year-old Belgian with a career spent entirely in Ford Europe where he ended up in charge of the hydraulic excavator operations. He is now commercial director of Poclain's hydraulic excavator business.

The company chairman remains Pierre Bataille, a member of the founding family. Inevitably he has had to carry much of the responsibility for the company's dramatic collapse, but he was an insistent advocate of the Case acquisition once the need for an external rescue had become apparent. He had recognised the need to introduce professional management techniques into what had become, in the French family tradition, something of a paternalistic and authoritarian concern.

Poclain is one of the rare breed of French companies which has grown from being a family affair into a force on world markets. With a flair for style and a technological mastery the company's products took a position of leadership in the hydraulic excavator market. In a time of almost magical expansion the company, firmly under family control, stretched its borrowings to match its ambitions without broadening its capital base.

It also got so attuned to success that it did not recognise, and perhaps did not have the facilities to diagnose, the onset of recession in its market. The result was that Poclain was still hiring labour when the market was already turning sour (labour which, in France, it is extremely difficult to get official approval to shed), saw its production going directly into stock, and the debts it had borne with such insouciance in a time of expansion begin to weigh mightily on the balance sheet.

Back in 1973 the more optimistic forecasters had predicted a world market for hydraulic shovels in 1977 of around 35,000 units. In the event they were 10,000 units too optimistic. From a peak production of 6,000 units, Poclain is presently producing barely more than 3,500 a year.

When the burden of debt threatened to sink Poclain early last year (around FFr 300m of medium and long-term debt on a nominal capital of FFr 94m) it began to look for a partner who could put in cash immediately to improve the balance sheet, tide it over the market recession while maintaining its capacity to resume expansion, and provide some avenue into the American market—an area where Poclain's efforts had, as with so many French companies, failed.

There ensued a rather clumsy game of postman's knock with Poclain cast in the role of eligible daughter and the French Government looking for a husband who would also make a useful doctor. Case finally emerged with 40 per cent of the capital for which it paid FFr 195m. In addition the U.S. company bought for FFr 111m Poclain's sales operations in Britain, Belgium, W. Germany, Spain and Brazil.

The Bataille family's stake was reduced to 15.9 per cent; Renault, Peugeot and Volvo each took 2 per cent and institutional investors and banks 12.1 per cent, leaving 26 per cent in public hands.

In other words the group of French shareholders together kept a blocking minority of 34 per cent.

The Board has been adjusted to reflect the new situation. Pierre and Claude Bataille represent the family interests; another member represents broadly the Renault and Peugeot interests (the motor companies are to all intents and purposes proxies of the French Government) while Volvo has its man on the Board —Poclain has a series of sales agreements with Volvo. There are four Case representatives of which only Bigelow is executive.

The French side has exercised its right to nominate a "neutral" acceptable to the Americans in the shape of the president of the large banking group Credit du Nord. The Americans have tactfully not yet exercised their reciprocal right to nominate a "neutral," thus leaving a French majority on the Board.

Case's diagnosis of Poclain was of a company with an outstanding product range and modern production facilities. It was horrified by the confusion in the factories caused by Poclain's decision to rush a completely new range of machines through its factories in one fell swoop (just in time to catch the market recession) and by the disorganisation prevailing on the shop floor.

But most of all it was struck by the absence of basic management systems to exercise control over production. While apprehensive about the debt hanging over the company Case concluded, however, that Poclain had the position in the market and sufficient volume to sustain profitability.

Slowly the "professional" managers are introducing techniques like standard cost systems, firm budgeting, inventory controls and materials controls systems, aware that these innovations had to be coaxed through the line management which felt very sensitive about the criticism they implied of former practice.

On the product side Case and Poclain matched well. Case had been seeking a European partner specialising in hydraulic excavators—a sector which its European distributor network needed to give it muscle. Case's European strength had been built on backhoes, with crawlers and wheel-loaders playing second fiddle.

Case equipment is now being put through the distribution systems acquired from Poclain, though a problem will eventually have to be resolved in Germany where the Poclain operation handled Volvo equipment which is now in direct competition with certain items in the Case range.

In North America the Poclain subsidiary has been closed down. Case has an affiliate, Drott Manufacturing, which makes its own range of excavators at the lower end of the range, but in the American tradition are much more extravagant users of hydraulic fuel and horsepower than the Poclain equipment.

Case is just beginning to work out seriously the application of Poclain equipment to the American market. It is attracted primarily by the heavy equipment — notably the Poclain 1,000 hp excavator, which can be used in the mining industry. Machines like this can begin to offer the speed and flexibility to compete with cable excavators, drag lines and wheel-loaders for conventional opencast and quarrying operations, and it may well be in this area that the first Case-inspired developments of the range begin to be seen.

One Poclain subsidiary — ironically a company set up by one of the Bataille brothers when he quit the family company but bought up later when he ran into trouble—has already been sold off. The Bordeaux-based company Deruppe, which makes road-building equipment like compactors and loaders, will be taken over by the German company IBH at the beginning of next year. Poclain has stated that it intends to concentrate on its hydraulic excavator, mobile crane and hydraulic components businesses.

The forecasts for financial performance are cautious. The level of stocks is still too high and the company is severely under-capitalised. Current sales are probably sufficient to enable it to paddle along for the time being. It is filling out its workload by calling in a lot of subcontracted work, though the use of labour is still below the level of efficiency needed. The company still has a negative net worth in balance sheet terms because of the continuing debt burden, though this is slowly being chipped away.

The big question mark hangs over the structure of the capital. In particular, can the French group as it is presently constituted pursue a capital increase? Renault, Peugeot and Volvo have left "visiting cards" with the company but probably do not want to find themselves more heavily involved. The company is hardly in the position to attract fresh capital from the markets and the Bataille family itself would probably find it hard to find new money. It seems reasonably correct to assume that the French Government expects the family stake to diminish progressively.

One solution would be for Case to put in more money and take a larger stake. There is no certainty that the French Government would endorse this, given the importance of Poclain as a national flag-carrier. Another possibility would be to find a third partner but this might well stumble over American objections. It might also be possible to reconstruct Poclain by establishing a new holding company as a means of redistributing shareholdings. This is all speculation, but the Case people are well aware that when Poclain begins to expand again the question of revising the capital structure cannot be ducked.

David Curry

Mr. David Bigelow (left), managing director of Poclain and M. Pierre Bataille, Chairman

Germany's exports

WEST GERMANY'S construction machinery manufacturers share the national obsession with exports. Almost three-quarters of the sector's output is shipped abroad and it is one of the Federal Republic's leading foreign trade earners.

The heavy emphasis on overseas business is not merely a reflection of the Germans' traditional interest in foreign sales. In many ways the construction equipment makers have followed the same path as the industry they are there to serve.

After close on 25 years of operating almost solely in the domestic market, the Federal Republic's construction majors are among the most outward-looking in the world. The inflow of orders reflects this and the order books of the country's leading construction concerns show overseas bookings at between 40 and 60 per cent of total orders.

While equipment manufacturers have always been export-orientated, the construction companies shift overseas have substantially increased this reliance on foreign business. Today some 73 per cent of their output goes in exports.

This year the domestic construction industry's fortunes appear to have taken a turn for the better and it now seems that the long recession is over. An upturn in building has naturally worked to the benefit of the equipment manufacturers. Orders for construction equipment and machinery to manufacture building supplies rose by 35 per cent in the domestic market during the first seven months of this year.

Domestic sales of construction equipment during the same period went up by 20 per cent compared with the opening seven months of 1977 to DM 1.4bn. Imports also rose, although the 14 per cent growth —to DM 643m—was considerably slower than the expansion rates reported by the domestic manufacturers.

However, it should be remembered that sales in the Federal Republic are still at a very low level compared with the performance at the start of the decade. Turnover in the comparable period of 1977 was 45 per cent down on sales recorded in the opening seven months of 1972.

But if things are looking better at home, exports are flagging. Despite the massive increase in home orders, the total inflow of bookings in the first half-year was only 2 per cent up on that of the first six months of 1977. First half export sales this year declined by a real 15 per cent to DM 1.9bn.

The equipment manufacturers have been hard hit by the appreciation of the Deutsche-mark against other major world trading currencies, but this is by no means the sole problem. Although the German domestic market appears to be recovering, other West European construction markets — important customers for the Germans — remain depressed.

There are also signs that sales have reached saturation point in some of the richer developing countries, particularly in the Middle East. At the same time other potentially important Third World countries are having trouble financing their import orders.

Sales to the West European industrialised countries fell back by 4 per cent in the first half of 1978 against the performance during the comparable period of last year. Exports to customers in the European Community were down by 7 per cent on the same basis.

The decline bit deepest, however, in the Middle East and the Comecon countries. Exports to Eastern Europe were down by 37 per cent, while sales to the Middle East were off by 25 per cent.

Two groups in the sector that have been doing better than most are Liebherr, which makes cranes, diggers and brick-making and handling equipment, and Orenstein and Koppel (O & K), which manufactures earth-moving equipment and such things as diggers and dumper trucks. Both have reported powerful growth in the construction equipment sector this year.

Indeed, Liebherr stated in July that of its eight West German subsidiaries only those operating in the construction sector have reported any growth.

However, its three West German subsidiaries which concentrate on the construction equipment sector reported a first half growth rate of 13.3 per cent, bringing sales to DM 238m in the first six months of 1978. The group, which through its Swiss holding company, Liebherr International, also owns 16 foreign subsidiaries, reported heavy growth abroad. But although turnover of its foreign subsidiaries rose 38.1 per cent to DM 359m, no breakdown is available to show the proportion of this attributable to the construction sector.

The Orenstein and Koppel shipbuilding and engineering group had good reason to be pleased with its construction equipment manufacturing operations. While business was generally dull, domestic orders for construction equipment were up by 41 per cent for earth-moving equipment in the first four months of the year.

Figures for the first nine months of the year are even better. The group, which turns over a total of DM 1.01bn a year, has reported that, in comparison with the 1977 figures, the inflow of domestic orders in the construction equipment sector during the first three quarters was up 60 per cent. Export bookings during the same period have risen by 15 per cent.

O & K, which exports some 50 per cent of its output, says that sales have really expanded in fields of hydraulic excavators and wheel loaders. While the Middle East has shown a promising growth rate, the concern is by no means dissatisfied with sales in their other main markets.

According to the group, sales have been maintained during a fairly depressed period by emphasis on product quality and service. Its response to the recession, like many of the German equipment makers has been to step up its sales and after sales service rather than trim costs in this area.

Guy Hawtin

UK-owned companies faced with harsh options

THE CONTINUING recession in the construction industry at home and the growing problems in the important Middle East export markets have combined to make the past year very difficult for the British construction equipment industry. Competition in export markets has intensified from the big American groups, which have the weak dollar in their favour. In contrast, the UK industry has had to cope with a stronger currency this past year. Japanese competition has meanwhile shown no signs of lessening in spite of the appreciating yen.

The choice for most UK-owned companies has been stark. They have had either to run down production severely or to sell at prices which have cut into their margins. The results have been most noticeable at Aveling Barford, part of the BL subsidiary, SP Industries, which went from a comfortable profit of £2.9m in the first half of 1977 into a loss of £200,000 in the corresponding period of the current year.

Most companies so far have resisted lay-offs but few can see much improvement in trading conditions in the near future. It is likely that voluntary redundancies at least will have to be undertaken by some companies before long.

The problem of living with the stronger pound in increasingly difficult overseas markets is reflected in the fact that the UK's share of world trade in construction equipment for 1978 has again started to fall. This comes after a couple of years when weak sterling helped to push up the UK's share from around 10 per cent in 1975 to more than 15 per cent in 1977. Exports in 1977 totalled £722m, a 6 per cent increase over the previous year.

When the final figures for 1978 are drawn up, however, they are expected to show that exports have stayed static in real terms. The marked improvement in world trade share shown by the UK industry in 1977 probably also has something to do with the fact that British industry, for seemingly unexplainable reasons, tends to do better in exports during world recessions.

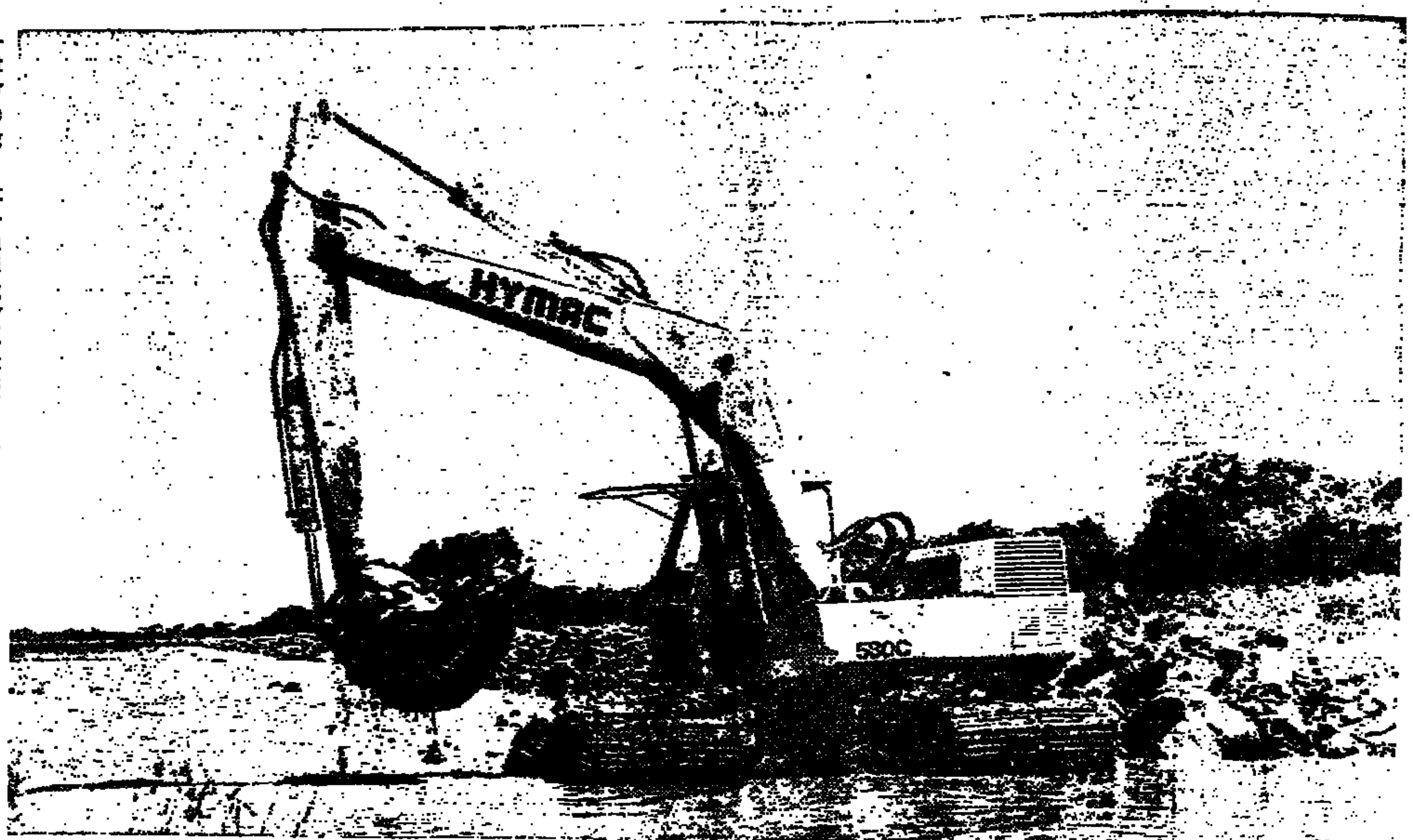
The construction equipment industry is highly geared to exports. While the construction industry has been the natural victim of government spending cuts, the equipment industry long ago decided it had to find alternative markets. The fact that some of the multinationals also decided to make the UK their manufacturing base in Europe has added to the strong export bias of the industry. Many companies are exporting between 50 and 80 per cent of their production.

Fears

But export markets are becoming more difficult after the boom years of rapid expansion in construction by the Middle East countries, and there are fears that some of the UK-owned companies in the industry (as opposed to the *multi-nationals based here*) will not be in a position to win new export markets.

Studies commissioned by the NEDO sector working party have revealed that the UK-owned companies are often reluctant to devote as much finance as is necessary to secure a foothold in these markets. The most demanding requirement in developing countries is finance for stocks and spares. But the British companies, some of which are privately owned and others part of bigger industrial groups, have been unwilling usually to devote enough of their resources for this purpose.

Another possible threat to the long-term competitiveness of the UK-owned companies is their concentration on the smaller and medium sized equipment. Although there is plenty of demand for this type of equipment, it is the heavier and more sophisticated type which will be most in demand in the future. If the British companies are to get into this field (a few already are—Ransomes and Rapier, for example is one of probably only four companies worldwide capable of making the highly sophisticated giant walking dragline) then they must devote more money to research and development than they have been able to do so far.



The Hymac 580C hydraulic excavator, the market leader in its class

The trouble is that the amounts required could be much greater than the British-owned companies are capable of generating. Many companies say they spend the equivalent of 3 to 4 per cent of their annual turnover on research and development. For the largest construction equipment company in the UK—JC Bamford Excavators, which this year will achieve a turnover of £100m—that still amounts to only £4m. The Caterpillars and Komatsus of this world can afford to spend far greater amounts.

JCB's turnover this year represents a healthy increase over 1977 (£84m) and is partly the result of a big export effort. In spite of the levelling off in the Middle East, the company has managed a 24 per cent increase in sales to that region.

JCB is a privately-owned company—the chairman and managing director, 33-year-old Anthony Bamford, is the elder son of founder Mr. Joseph Bamford—and employs 1,700. Its directors insist that its private status does not hinder its expansion, and in this past year it has decided to tackle the American market with its telescopic handler rough terrain machine. Exports to the U.S. from Britain in construction equipment are tiny—it ranks 24th in order of importance—so many people will be watching JCB's venture with interest.

One possible solution to the problems expected to be encountered by the industry in future is reorganisation into larger groups. But it is a solution for which British companies have shown little inclination.

The contruction equipment companies in the Babcock and Wilcox group are an exception, and this year they have made changes so that they will be identified more with the parent company's image. The company comprises Winget, Muir Hill, and Blaw-Knox. In the past year these companies have been restructured to form Babcock Construction Equipment. Management has remained the same, and the former companies will maintain their individual product identities, but the aim of the new name is to stamp it with the image of the bigger and well-known group of which it is part.

Sales in the current year are nearly £50m, an increase of around 15 per cent, and profit is also expected to be about £½m higher at around £4.3m. In real terms they are not dramatic increases but Babcock says it is maintaining its position. Babcock Construction Equipment's products include black-top pavers, in which it is probably the world leader, a big range of concrete mixers, shovel loaders, while it also has a distributorship which imports walking draglines and tower cranes.

A significant move in the industry this year has been the bid by the privately owned Kaye Organisation, which owns the fork-lift truck manufacturer Lansing Bagnall, for the quoted Bonser Engineering group. About 55 per cent of Bonser's interests are in construction equipment, and it is assumed that it rough terrain fork lift truck business is the main reason for Kaye's interest.

Predictions that the move by Kaye, announced in September, will lead to a merger of the Lansing Bagnall and Bonser activities has been firmly denied by Kaye: the two groups will retain their autonomy, says Kaye. Bonser, whose profitability this year was down on last, says that the access to a larger group, albeit a privately owned company will be to its benefit.

The downturn at Aveling Barford came as perhaps the biggest eshock in the industry this year. Mr. David Abell, SP Industries' managing director, attributes the loss to "two factors over which the company has little influence — the sterling/dollar exchange rate and the capacity situation. The former has hit us particularly hard. About 70 per cent of our output is exported, and most of the time sales are achieved by direct competition with major American multinationals. The capacity problem is one that we could probably cope with—if we were not battling uphill against the declining dollar. This completely swamps the effect of any improvement in productivity."

Partly as a result of the deteriorating position, the subsidiary companies at Aveling Barford (with the exception of the Goodwin Barsby quarry plant) have merged their marketing activities under Aveling Barford International—a move which is designed to increase sales effectiveness.

Hymac is another company which is part of a much bigger group—Powell Duffryn. It is also an example of a company which has specialised in a particular range of equipment—hydraulic excavators—of which it was the first manufacturer in this country. It claims to hold more than 30 per cent of the home market for this type of equipment, and has benefited in the past year from the small increase in activity by the construction industry.

Hymac exports to a large number of overseas markets, particularly in the Middle East and Europe. It has even managed to get into the Japanese market with its "Nibbler" concrete breaker. In hydraulic excavators, as for most construction equipment, it is a buyers' market. Mr. John FitzGerald, managing director, says: "It is essential for Hymac to sustain a high level of capital investment and spending on research and development. We have to anticipate what the market will be wanting in three years' time." Along with other British construction equipment manufacturers, Mr. FitzGerald admits that "markets are getting more difficult all the time."

Flexible

Another company which has sought more flexible financial arrangements is Frederick Parker, whose shares got a quotation on the over-the-counter market in April, 1977. This company makes complete plants for quarries and sand and gravel pits, mobile and fixed asphalt plants, crushing plant, feeders, conveyors and vibrating screens. In the first six months of 1977-78 profits showed an increase of 8.4 per cent to £3.1m over the first half of the previous year. Sales were up by nearly a third, however, and the chairman, Mr. F. Parker, warned that "the effects of the world reecession are likely to continue."

The markets for the British crane manufacturers has been hit particularly hard by American and Japanese competition as well as by continued slack demand. Mr. Jeffrey Wheatley, managing director of Jones Cranes, part of the 600 Group, says: "Each year it becomes tighter to win export markets; we have to fight harder to get costs down and hold prices, while concentrating on items like servicing and delivery."

Jones introduced three years ago a new range of strut and hydraulic mobile cranes with telescopic jibs to add to its existing range. The company is a big supplier of equipment for ports and harbours, and is working on development of support equipment for specialised container facilities. Growth in demand for mobile cranes is expected to be small in the coming years, and Mr. Wheatley sees the main battle as being "between companies competing for a bigger share in existing markets."

The other big British crane manufacturer is the Acrow engineering group, whose two subsidiaries, Coles Cranes (wheel-mounted cranes) and Priestman (crawler-mounted cranes and hydraulic excavators) account for about half the group's turnover and profit. Coles Cranes is the biggest European mobile crane company, and is fifth in the world league.

Mr. David Steel, managing director, agrees that the past year has not been easy, but says Coles has increased its market share over the past year in Italy, and maintained its position in the UK, France, Germany, Belgium, and the Netherlands. It has also done well in Eastern Europe. In the Middle East, business has declined in the Gulf States and Kuwait, but this has been more than made up by more orders from the countries around the Middle East.

Coles's new range of hydraulic mobile cranes was shown recently at the huge convention staged by Acrow at Kempton Park. It is also moving into rough-terrain cranes and crane equipment with capacity of over 100 tons—UK requirements for the latter are currently being met mostly by Germany.

Membership of a large group like Acrow clearly confers some advantages, but the industry contains a number of independents, like Weatherill and Matbro, which are strong in particular areas of the market. Some small companies argue that because of their flexibility they are better able to survive lean times than the giants. But for them, as for the rest of the industry, competitive pressures remain intense.

By a Correspondent

Winget rough terrain fork-lifts moving materials on a building site. Winget is part of Babcock Construction Equipment

N. Americans mount fresh assault

S often assumed that in ruction equipment as in other industries the big American companies, their huge domestic mar- their financial resources their willingness to buy way aggressively into markets, will soon come to nate the European scene. surprising feature of the ten years or so has been ailure of these companies irt, of course, from Cater- —to achieve what they hoped to in Europe. As have discovered, construc- equipment is not an indus- there it is easy to make quick profits or to obtain dramatic increases in market share. Success requires a combination of product excellence, a first-class sales network and, most important of all, reliable after-sales service. Some of the established European companies, both large and small, have had the edge under one or more of these headings and it has not been easy for the Americans to outgun them.

In part their weakness has been the lack of concentration on construction equipment, particularly on the part of those companies whose main business has been in farm machinery.

The contrast with Caterpillar is obvious. This giant of the construction equipment industry built its first European plants, in Glasgow and Newcastle, as far back as 1956 and four years later set up its marketing organisation in Geneva to handle sales in Europe, Africa and the Middle East.

Thus for nearly 20 years Caterpillar has organised itself to develop the European market in a consistent and integrated way, with strong well-financed dealers backed by a network of manufacturing plants and parts depots.

The products of the European factories are supplemented by some larger machines brought in from the U.S. and, at the bottom end, by small crawler tractors and wheel loaders manufactured by its Japanese associate, Caterpillar Mitsubishi. Unlike several of its American rivals, Caterpillar has made no acquisitions in Europe; a few years ago, for instance, it took the decision to design and manufacture its own hydraulic excavator in Europe (it is made in Belgium), rather than buy one of the numerous European specialists in this field.

The other Americans have been less well-organised and less consistent in their approach to the European market. To make up for lost time they have made acquisitions, some of which proved harder to digest than they had expected. The big farm tractor companies may have under-estimated the differences between construction equipment and agricultural machinery, particularly in relation to marketing.

Massey-Ferguson, whose past and present strategy is described in a separate article, has invested a great deal of money in the past 10 years in the hope of achieving as strong a position in construction equipment as it already enjoyed in farm machinery, but the returns have been meagre. Others have made similar mistakes, though on a less damaging scale.

Yet the signs are that the lessons of the past have been learnt and a more determined attack on the European market is now under way. International Harvester (IH), for example, has undergone a major corporate reorganisation, one consequence of which is the establishment of a clearer worldwide responsibility in what is called the Pay Line Group, handling construction equipment.

Until recently marketing responsibility for construction equipment in Europe was fragmented among several operating companies, with the result that IH has a strong position in certain products and in certain markets—it is, for example, the market leader in the UK for small crawler loaders—but its performance in Europe as a whole has been patchy.

To some extent preoccupation with farm machinery may have prevented a sustained effort on the construction side. For example, although IH bought one of the leading French hydraulic excavator companies, Yumbo, it failed to make the most of that acquisition and its market share has not advanced as quickly as had been hoped.

Healthy

Now a new marketing organisation for Europe has been set up, based in London, and management responsibility for construction equipment is more clearly established. The company reports healthy gains in sales this year despite the sluggish market; the hydraulic excavator plant in France is said to be very busy and IH is looking for useful gains in penetration throughout Europe. In its 1977 annual report the company estimated worldwide sales of construction equipment in 1976 at $14bn, rising over the next five years to $18bn. Pay Line, the report stated, aimed to increase its share from the current 5 per cent to at least 6 per cent, bringing the group's sales above $1bn.

Similarly J. I. Case, the Tenneco subsidiary, and John Deere, the company which some observers believe will emerge as Caterpillar's most important competitor, are attacking the European market more aggressively. Quite apart from its partnership with Poclain, Case has been pushing ahead strongly with its own products. It is the U.S. market leader in backhoe loaders and with its European machine (made in France but incorporating a power train manufactured by another subsidiary, David Brown Tractors in the UK), it is believed to be close on the heels of Europe's market leaders, J. C. Bamford and Massey-Ferguson. In France itself it claims to be the leader with about 30 per cent of the market. Case also says it has increased its market share substantially in crawler loaders.

Whether Case and Deere will seek to fill out their product line by buying more companies in Europe remains to be seen. Case has plenty of work on its hands in sorting out its relationship with Poclain, while Deere may feel that its first priority is to strengthen the marketing effort behind its existing products, without the added complication of absorbing another company.

Perhaps the more likely acquirers are those companies which have a narrower product line than Case or Deere. One example is Ford, whose construction equipment business is handled by Ford Tractor Operations Europe based in Brussels. Ford is a leading European producer of backhoe loaders, but it also bought control of Richier, a leading French manufacturer of hydraulic excavators and wheel loaders.

It may be that, with all the other demands on Ford's resources, notably in the car and truck business, it will be content to develop what it has in construction equipment rather than increase its range by acquisitions. Ford's construction equipment sales in Europe are now running at about $100m a year.

There is, of course, no iron rule which compels a company like Ford to move towards the full-line approach. There are several American companies which specialise successfully in much narrower product lines, like Bucyrus-Erie and Terex, the General Motors subsidiary. One of the largest U.S. companies in this field is Clark Equipment, which is certainly not a full-line supplier.

Reputation

Clark is best known in Europe for its Clark Michigan wheel loaders, where it claims to be No. 2 in the market behind Caterpillar. Clark marketing men argue that by gaining a high reputation in particular segments of the market the specialist can more than hold his own, especially in a sophisticated market like Europe where contractors like to pick and choose. In addition to wheel loaders, Clark makes rubber-tyred dozers and graders at Strasbourg, compacting equipment in Germany and hydraulic cranes through a joint venture in the UK; other equipment, including elevating scrapers and cable cranes, is brought in from North America. Like International Harvester, Clark has gone through something of a reorganisation in recent years and is poised to take a larger share of the European market.

All these American companies are well aware that they are up against some formidable European competitors, some of which are determined to repay the compliment by attacking the U.S. market. There have already been some European-American alliances, notably the Fiat-Allis deal, the Case investment in Poclain and the Daimler-Benz purchase of Euclid. It would not be surprising if more of these co-operative arrangements were negotiated over the next few years. The European and American markets have developed differently, both in the types of machines required and in the way they are used; the local know-how that a partner can bring is valuable.

G.O.

LEADING NORTH AMERICAN COMPANIES IN 1977

	Sales of construction equipment $m	Total sales $m	Constrctn. equipment as % of total sales
Caterpillar	5,078*	5,849	87
J. I. Case	862	1,506	57
International Harvester	731	5,975	12
John Deere	670	3,604	19
Clark Equipment	583	1,309	45
Massey-Ferguson	398	2,805	14

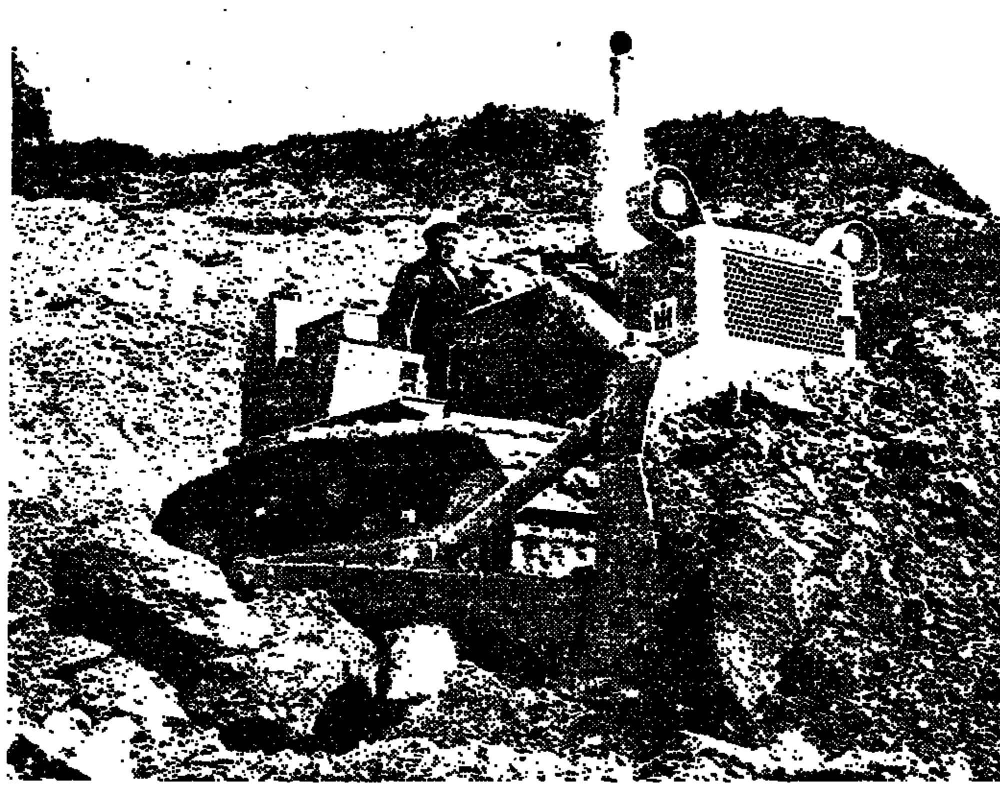
* Including materials-handling equipment.

THE NORTH AMERICANS IN EUROPE

(Principal construction equipment factories)

CATERPILLAR		
	Glasgow	Crawler tractors and loaders
	Newcastle	Scrapers, bulldozers
ce	Grenoble	Crawler tractors and loaders
ium	Gosselies	Hydraulic excavators, wheel loaders
J. I. CASE		
	Leeds	Crawler loaders and dozers
ce	Vierzon*	Backhoe loaders
	Zaragoza	Wheel loaders
iany	Dusseldorf	Compaction equipment
INTERNATIONAL HARVESTER		
	Doncaster	Backhoe loaders
	Bradford	Crawler loaders and dozers
ce	Genas	Hydraulic excavators
iany	Heidelberg	Wheel loaders
JOHN DEERE		
iany	Mannheim	Backhoe loaders, crawler loaders
ce	Saran	Wheel loaders†
CLARK EQUIPMENT		
ce	Strasbourg	Wheel loaders and dozers, graders
nany	Ulm	Compaction equipment
	Alfreton‡	Hydraulic cranes
MASSEY FERGUSON		
	Aprilia	Crawler tractors, hydraulic excavators
	Ravenna	Components, excavators
nany	Hanover	Wheel loaders and dozers, crawler tractors, compactors
	Knowsley	Backhoe loaders
	Manchester	Loaders, components
FORD		
	Antwerp§	Backhoe loaders
ice	Charleville	Hydraulic excavators, wheel loaders

ing power train supplied by David Brown Tractors, another neco subsidiary in the UK. † Assembled from U.S.-built components. ‡ Through a joint venture. § Assembling components plied from UK and France.



International Harvester, one of whose crawler dozers is shown here, has recently reorganised and established a new marketing organisation for selling construction machinery in Europe.

The product range and market shares

BECAUSE OF the large number of construction equipment manufacturers and the variety of machinery produced, it is difficult to establish market shares with any accuracy. The accompanying table takes seven major product categories and lists what are believed to be some of the leading manufacturers in each category. Given the absence of reliable figures, the choice of leading manufacturers is bound to be somewhat arbitrary and too much precision should not be attached to the table. It relates to the total European market.

Assessment of the relative importance of each manufacturer is complicated by the fact that within each category there is a wide range of sizes and types of equipment. One manufacturer may build mainly smaller machines and have the largest market share in terms of units, but in value terms he may be outsold by the company whose forte is in the medium-sized and larger machines. This qualification applies particularly to crawler dozers and loaders, wheel loaders and hydraulic excavators. Thus the table should be seen as a rough guide to the competitive situation in Europe.

The first four categories shown in the table—backhoe loaders, wheel loaders, crawler dozers and loaders, and hydraulic excavators—are usually regarded as the high-volume items. Particularly for those companies which diversified into construction equipment out of farm machinery, these four lines tend to provide the base load of the business.

The **backhoe loader**, sometimes called the excavator loader, normally uses the engine and transmission of a farm tractor. Hence the big North American tractor companies are well represented in this field. J. I. Case, for instance, which has been gaining ground in Europe, makes its backhoe loaders in France, using the power train supplied by another Tenneco subsidiary, David Brown Tractors, in the UK. Yet the most successful company in the field remains J. C. Bamford of the UK, which buys its engine and other components from Leyland. The famous JCB 3C machine, the first version of which appeared in 1963, is widely acclaimed as one of the most remarkable success stories in this industry. "JCB ran away with the market," one competitor admits.

There are many producers of backhoe loaders, including not only tractor makers like John Deere, International Harvester and Volvo, but also small "assemblers." Caterpillar, however, is not represented in this sector. It is conceivable that Cat might at some stage want to fill this gap in its range, but if it were to do so on the basis of its own engineering and its own components, as is its normal practice, Caterpillar would have to develop a small engine below its present range.

SOME LEADING EUROPEAN SUPPLIERS IN SEVEN PRODUCT CATEGORIES

180-degree Backhoe loaders	Wheel loaders	Crawler dozers and loaders	360-degree Hydraulic excavators*	Graders	Motorised scrapers	Rear dump trucks
J. C. Bamford	Caterpillar	Caterpillar	Poclain	Caterpillar	Caterpillar	Caterpillar
Massey-Ferguson	Fiat-Allis	Fiat-Allis	Caterpillar	Clark	Terex	Terex
Ford	Clark	Int. Harvester	Atlas	Aveling Barford	Fiat-Allis	Euclid
Case	Massey-Ferguson	Massey-Ferguson	O and K	Fiat-Allis	Deere	DJB
Deere	Volvo	Komatsu	Liebherr	Deere		Aveling Barford
	Case	Deere	Demag	Volvo		Perlini
	Ford	Case	Hymac			Volvo
	Deere		Ford			Wabco
	Int. Harvester		Akerman			
	Terex					
	Zettelmeyer					

* Tracked and wheeled models.

Absorbed

Last year the European market is thought to have absorbed around 11,500 backhoe loaders, compared with nearly 14,000 in 1973. In the UK J. C. Bamford has just over half the market and in Europe as a whole it is believed to have its nose in front of the big North American companies.

In **wheel loaders**, sometimes called loading shovels, or front end loaders (they include both rigid and articulated machines), there are again a large number of manufacturers. Demand for articulated wheel loaders has been growing rapidly in recent years, partly because they are being used in applications previously handled by the crawler loader. Sales of articulated wheel loaders are thought to have been around 12,000 units last year.

While Caterpillar is the leading company is sales value, Volvo is strong in smaller machines, producing some 3,500-4,500 units a year; these include a large number of small rigid wheel loaders. Clark Equipment is a leading manufacturer of articulated wheel loaders and claims to be a clear second in the world market behind Caterpillar.

In the UK, F. E. Weatherill, which makes two-wheel-drive and four-wheel-drive loading shovels at Welwyn Garden City, is well up among the leaders in the domestic market. Other British producers include J. C. Bamford, Bray (owned by Matbro), Muir-Hill (subsidiary of Babcock and Wilcox) and Aveling Barford.

In **crawler dozers and loaders**, Caterpillar is well out in front, but again there are particular parts of the market where other companies have a leading position. In the UK, for instance, International Harvester is the market leader at the small end of the crawler loader market.

The market for 360-degree **hydraulic excavators** illustrates the fragmented nature of the industry and the continuing battle between the full-line companies and the specialists, and between the Americans and the Europeans. There are more than a score of companies making hydraulic excavators. The largest of them, Poclain of France, is believed to be making about 3,500 units a year; the big three German concerns, Orenstein and Koppel, Liebherr and Atlas-Weyhausen, are probably in the 2,000-3,000 unit range. But the competitive position varies considerably from country to country.

Poclain naturally dominates in France. In Scandinavia one of the strongest companies is Akerman of Sweden, which is thought to have about 35 per cent of the crawler market and perhaps 20 per cent of the wheeled market; it is making about 700 machines a year.

In the UK is it Hymac, the Powell Duffryn subsidiary, which has been market leader for some time. It has about a third of the market which is now running at around 1,400 units a year, against a peak of over 2,300 units in 1973.

Apart from imports from all the leading Continental producers, Hymac faces domestic competition from J. C. Bamford and Priestman. The latter, a subsidiary of Acrow, has always had a respectable position in larger machines, but this year has take naim at Hymac's special preserve—the market for small excavators *below 12 tonnes*: Hymac's 580 machine has dominated this sector of the market for some years. Priestman's Mustang 580S, later re-named the 108S, was designed to compete directly in specification and in price with the Hymac machine; the intial aim was 10-15 per cent of that section of the market.

While competition from domestic sources continues to hot up, the big North American companies are seeking to strengthen their position in what has traditionally been a European preserve. Ford bought Richier in France and International Harvester bought Yumbo; John Deere has a supply arrangement with Atlas-Weyhausen in Germany, while Case has a substantial investment in Poclain.

The giant, Caterpillar, decided to design and manufacture its own hydraulic excavators. The first machine, the 225, was launched five years ago and the group now has a range of four tracked machines—the 215, the 225, the 235 and the 245. These cover the bulk of applications apart from the very smallest machines which begin to encroach on the market supplied by the 180-degree backhoe loader.

All the Caterpillar machines, with one exception, are made both in Belgium and in the U.S. The exception is the small 215 machine, which is made only in Belgium; it was conceived and designed in Europe and some machines are now being shipped into the U.S.

Some Cat distributors were handling other manufacturers' hydraulic excavators before Caterpillar came into the market, but with few exceptions all the distributors are now selling the Caterpillar line. Just what share Caterpillar has obtained of the total market is uncertain, but the company says it has "a leading position" in the classes of the market where it competes.

Heavier

Several European companies, like **Demag**, tend to specialise in the heavier machines which are used more for open-cast mining and quarrying than for regular building and civil engineering work. The Hymac-Demag marketing co-operation in the UK is an example which other companies may seek to follow as they attempt to cover a broader section of the business and establish themselves more firmly in the market.

In the three heavier machines, **graders, motorised scrapers** and **rear dump trucks**, American technology, based on experience in large civil engineering and mining projects has tended to predominate. Some of the companies listed, including John Deere and Fiat-Allis, import machines in these categories from their U.S. plants. However, European companies, such as Aveling Barford, Volvo and Perlini, have a good position, while the success of DJB in articulated dump trucks shows that relatively small companies can compete effectively at the heavy end of the construction equipment business.

G.O.

Above: The Priestman Mustang 108S hydraulic excavator—taking aim at the UK market leader. Below: The Aveling-Barford motor grader—a leading British entry in a market strongly influenced by North American companies

هكذا من الأصل

The rugged fork lift

:H TERRAIN fork lift s are designed for the ·ard and the construction rather than the factory It is expected that by the ·f next year total European nd for these versatile ines will have regained its level of last year—indicat- sales of 6,000 to 7,000 ines in Europe. The growth in Britain is almost certain :ceed that of other Euro- countries, with demand ripping that for the fork market as a whole.

e manufacture of rough in trucks in Europe is nated by French com- s. The large West German lift truck companies, ding Linde and O and K, tended to concentrate on ntional factory outlets for fork trucks. In Britain smaller fork truck com- s — Bonser Engineering, erson, the Liner Concrete pany and Matbro—have d the biggest part in estab- ig a toehold in the rough in sector.

·aded

fore the French invaded UK rough terrain market in early 1970s Bonser and erson each had 35 per cent te market. Matbro had 10 cent and others, including rters, had 20 per cent. But 971 and 1972, when the ch companies Sambron and tou entered the UK market big way, this country tively lost control of its market for rough terrain s.

initou quickly gained for over 60 per cent of the market and together with bron soon accounted for the of UK sales. Manitou was ng its trucks from a factory h regularly produced over machines a year for world kets. They were often up to iarter cheaper than those uced from the British rough in factories, which each only a tenth of the Manitou city.

ie powerful French industry been nurtured by the com- tion of France's substantial ultural sector—which uses machines—low levels of ur willing to work the land a tradition of locally pro- d farm machinery. Most he French producers were ll companies serving local kets in the country's farm- regions. Manitou, Sambron and Salev made powerful and successful bids for export markets using the large home demand as a base.

Sambron said it expected to win sales worth £7m from the £21m to £22m British rough terrain truck market this year. Britain accounts for a quarter of the company's French output and as a market is second only to France in Europe.

Next year is likely to see a continuation of high demand in Britain after the temporary fall in sales this year. Sales may run to up to 2,500 units, compared with a forecast total of no more than 1,700 for the whole of this year.

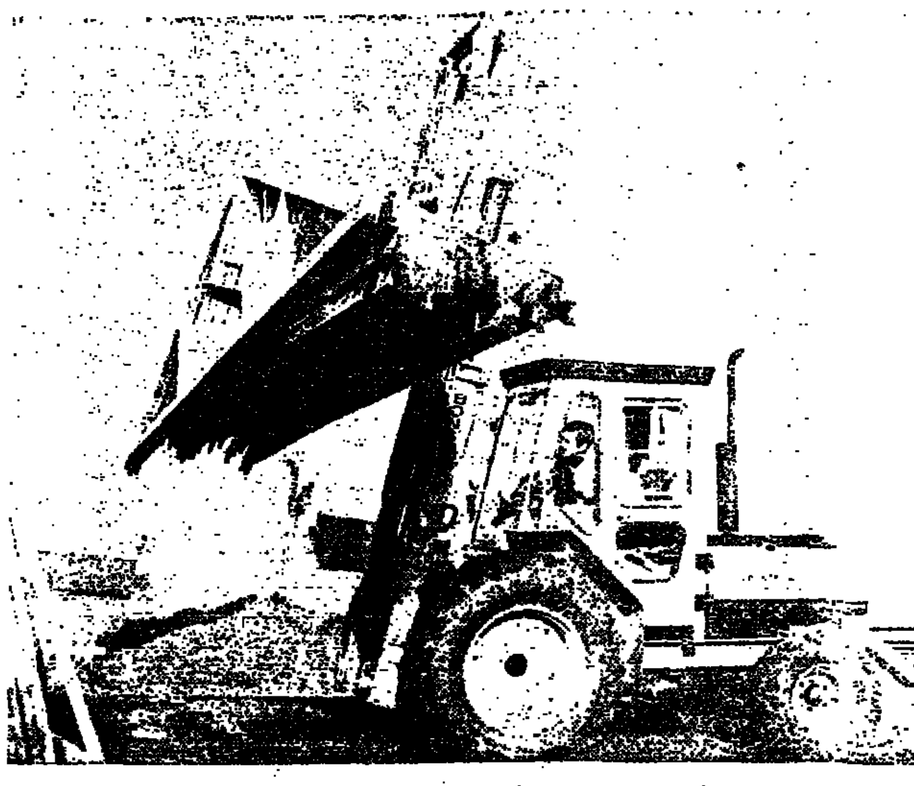
The total market in Europe is expected to remain stable at between 6,000 and 7,000 machines sold annually. One of the constraints on the growth of the market across Europe is the proportion of the growth potential which continues to be taken by second-hand machines.

Second-hand machines played almost no part in the early development of the rough terrain market in Britain and France. Britain's total market in 1972 was 500 machines and most of these were new.

Over half the demand for rough terrain trucks came from the construction sector with the balance coming from agriculture. Within the construction sector a third of sales was accounted for by the plant hire companies, with a quarter coming from building contractors.

New machines dominated the early growth of the market in plant hire where companies kept their new trucks for an average of two years. In agriculture the main customers for new machines were the farmers with more than 5,000 acres of land. Now much of the growth in applications of the rough terrain truck is in small farms below 500 acres and in smaller building contractors. Both sectors tend to be in the market only for second-hand machines and no growth in new demand can be expected from these areas until the users come to rely heavily on the machines rather than to regard them as useful but non-essential accessories.

The National Economic Development Council (NEDC), through its industrial trucks sector working party, was quick to recognise the range of applications for the rough terrain fork lift truck. NEDC said the area had remained a growth market during the recession partly as a result of the truck opening up new handling applications, but the British industry had not been prepared for the French invasion of the market.



Bonser RT2500K rough terrain lift truck handling roof trusses on a construction site

The working party said steps had to be taken to ensure that British companies won a greater share of the business. Moves to rationalise and slim down UK production capacity in the fork-truck industry are nearing completion.

Two of Britain's largest manufacturers of conventional factory fork lift trucks—Coventry Climax and Lansing Bagnall—were both without rough terrain models until recent mergers and acquisitions. Coventry Climax, part of the SP Industries subsidiary of BL, acquired Rubery Owen Conveyancer last year. Conveyancer manufactured the Overlander rough terrain truck and was planning three more RT trucks when it was taken over.

Lansing Bagnall's merger with Henley Forklift at the end of 1976 produced a large company producing conventional fork-lift trucks, but no rough terrain models. The Kaye Organisation, which owns Lansing, has made a bid to acquire Bonser Engineering of Nottingham. Bonser has a long tradition of making rough terrain fork lift trucks and a takeover by Lansing would provide a greater financial base for more aggressive selling in UK and overseas markets.

Exports

Bonser exports 40 per cent of its output of rough terrain trucks to Africa and Europe, excluding France, but an assault on that market will almost certainly be made before long.

Matbro, the other established UK rough terrain truck maker, said last month it is setting up 20 dealerships in France to sell its new M range series III four wheel drive machine. This is built in two halves and steered by pivoting about the centre. French manufacturers have no similar machine and Matbro said that French Government moves to set new non-tariff barriers to trade in fork trucks were designed to undermine this type of new aggressive selling of rough terrain trucks into the French market dominated by French makers.

The French moves are based on a decree from the French Industry Ministry. This comes into force on December 2 and will control 11 new industrial truck design standards to cover all trucks sold in France.

The British, West German, Italian and Dutch Governments have protested to France and the European Commission over the unilateral imposition of the standards by France. The French move goes against EEC plans to harmonise industrial truck standards and is particularly irritating to other members of the EEC as it will come into effect only days before the common EEC draft standard was to have been published.

Lynton McLain

Mobile crane markets

IE MARKETS are particu- important for Europe's le crane makers. Mobile es are expensive monsters iove around and it is only i the added value is con- able that shipping costs n to count less in the final . One industry estimate hat it is hardly worth rting any mobile crane of r 80 tonnes. However, that not prevent the Japanese ifacturers doing well with inners in Europe.

e mobile crane sector is one where local markets specific technical demands operator preferences. ines have to be adapted to these demands and the ole this involves probably becomes worth while once mpany is exporting at least r cent of its total output.

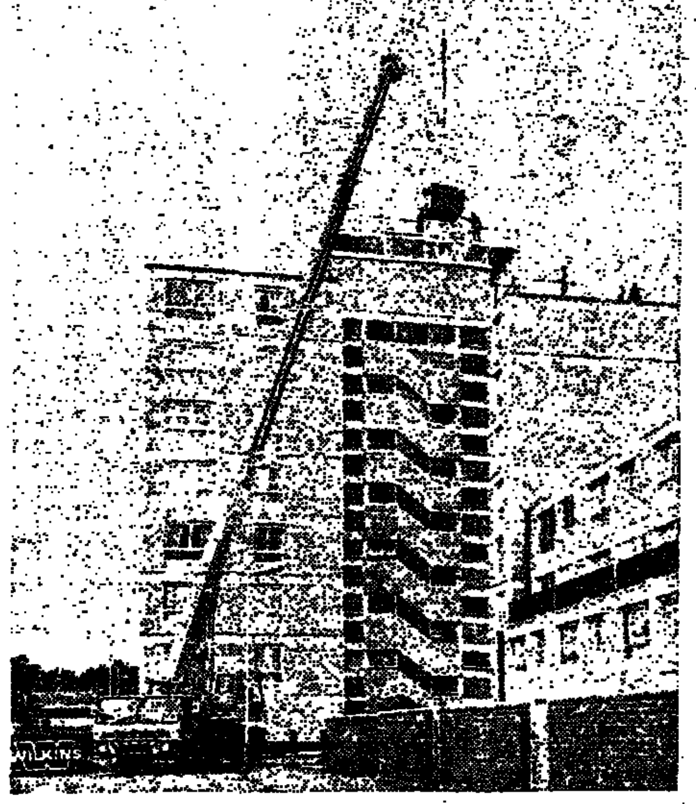
prime example of the way markets require different ucts has been provided by e of the U.S., the world's st mobile crane maker.

e company is a subsidiary ie American conglomerate er Kidde. At the end of it launched into Europe two acquisitions. It bought O Ernst Belser of West iany and in the UK took Allen's of Oxford. There previous links between the ianies. For example, Allen chassis to which Grove's es were fitted. These 80-to- n truck mounted cranes becoming increasingly ult to sell because the rican-designed chassis did rove manoeuvrable enough nost European customers.

an interim measure to come this problem, Grove's ster plant has been fitting es on to a carrier made by of Germany. So far 12 of have been assembled.

it Grove has also been loping its own European- carrier and recently unced the TM1400E, a 130- unit which it claims is the est mobile telescopic crane he UK. It was built at ley, has an eight-axle carrier was made almost entirely British and German com- ents.

e major European mobile e maker—as distinct from a th American-owned business ating in Europe—is Coles, of the Acrow building and struction equipment group, which also includes Priestman.



The Coles 45-tonner mobile crane, a successful competitor in world markets

A modernisation-cum-expansion programme has been going on at Coles' big Sunderland plant for a couple of years now at a cost of about £6m. Sunderland is claimed to be the biggest construction equipment assembly site in Europe and Coles has taken advantage of the UK Government's Accelerated Projects Scheme to speed up its modernisation. Grants available have enabled Coles to condense what was once a five-year plan into a three-year programme.

Coles lost ground in world markets because it concentrated too long on diesel electric mobile cranes when customers were turning to diesel hydraulic types.

Even so, it produces around 1,200 cranes a year and is in fifth place in the world league table behind Grove, with an output of around 2,500, Kato of Japan, 2,000; Tadano of Japan, 1,500; and P&H of the U.S. with 1,300. Coles' aim is to overtake nearly all the competition and catch up in production terms with Grove in the 1980s.

The other European mobile crane manufacturers count their output in hundreds rather than thousands of units and are well behind the top five in these terms.

In the UK, Jones Cranes is the other significant exporter of mobile cranes. This business emerged from a grouping of old-established manufacturers, including British Hoist and Crane and Crane Travellers, which came together under the umbrella of the 800 Group as their parent concern.

While Italy does not make much of a showing in this particular part of mechanical engineering, France has at least two sizeable companies in PPM, part of Poclain, and Pingueli.

Pingueli can offer a complete range of mobiles up to 300 tons, unusual for any company outside of West Germany. For, while the West German groups might not manufacture in vast quantities, they go for the high added value involved in huge cranes.

Demag (part of the Mannesmann group), Liebherr and Gotwald in West Germany all have a big export presence because they can offer the very large mobile cranes. For example, Liebherr truck-mounted cranes of 80 to 100 tons and upwards made their first appearance in the UK two years ago because the construction involved in the North Sea oil programme demanded monster mobiles.

The mobile crane sector itself can conveniently be split into four, some parts having greater potential for growth than others.

(1) Truck-mounted telescopic cranes account for roughly 50 per cent of the total units sold. As a result all the major industrial nations compete in this part of the business.

(2) The industrial mobile crane, with 10 per cent of total sales, has a European tradition. So the British, German and French manufacturers dominate with little competition from the Americans or Japanese.

(3) Then there are large, heavy duty, lattice boom, truck-mounted cranes with 10 per cent of the market. The Japanese do not compete in this territory. The reason: it has been losing ground, mainly to the telescopics.

(4) The remaining 30 per cent of the mobile crane business is held by rough terrain cranes. This is essentially an American concept and there are few European manufacturers.

Grove in the UK this year introduced a new range of rough terrain cranes of 15 tons to 73 tons. The 73 tonner has a "pick and carry" capability of 45 tons and Grove believes it can provide healthy competition in some specific applications for the crawler cranes which are so entrenched in Europe—in the UK the crawlers are made by Ransomes and Rapier: Priestman as well as Ruston-Bucyrus, a company jointly owned by Bucyrus Erie of the States and GEC of Britain.

Grove already has sold a 73 ton rough terrain to the Sparrow plant hire group in Britain. Coles also is now in the rough terrain crane business and managing director Mr. David Steel says: "There are signs that European resistance to them is crumbling a little."

Kenneth Gooding

Japanese groups planning big push

ALTHOUGH JAPAN'S construction equipment makers have a relatively small share of the European market, the industry is second in size only to that of the U.S. The large domestic market provides a solid base for exports and several of the principal companies, led by Komatsu, have become formidable competitors in the developing countries, especially in the Far East but also in Africa and the Middle East.

In recent years these companies have been stepping up their efforts to attack the sophisticated markets of the U.S. and Western Europe. For example, Hitachi Construction Machinery, part of the Hitachi group, is the largest Japanese maker of hydraulic excavators with a capacity of more than 300 units per month. It is planning a big push into the U.S. market. Six new depots have been established and the Hitachi machines have been modified to meet American requirements.

Mitsubishi Heavy Industries, which until recently had a technical tie-up with a French hydraulic excavator manufacturer, Yumbo (owned by International Harvester) is also intending to start selling these machines in the U.S. Komatsu is already well established in that market.

The big uncertainty is how far the appreciation of the yen is likely to blunt the Japanese drive in the world construction equipment market. Although machines are sold largely on technical specification and after-sales service, the Japanese makers are obliged to be competitive on price — and price competition is fierce, especially in Europe.

Boost

The proportion of exports in Komatsu's total sales is expected to drop to around 40 per cent this year compared with 46 per cent in 1977, but this is largely because of the expansion of the home market; the Japanese Government's attempts to boost the economy though public works programmes have brought a big increase in domestic sales which has more than offset any weakening in exports arising from currency factors. For 1978 as a whole Komatsu is expected to show a healthy gain in sales and profits.

Komatsu is much the most significant of the Japanese companies operating in Europe, particularly in crawler loaders and dozers, where it is believed to have some 10-15 per cent of the market; it also sells a range of heavy dump trucks. But Western Europe has been taking only about 5-6 per cent of Komatsu's total exports and this percentage has not been growing.

There have been suggestions that Komatsu might be obliged to set up assembly or partial manufacturing operations in its main export markets in order to overcome the problems caused by the high value of the yen.

When asked about this recently Komatsu's executive vice president, Mr. Hirosuke Hiraoka, said: "Certainly we have come to the point where we must consider our operations abroad more positively. The wage rate in this industry in Japan keeps abreast with that of West Germany and is inching towards the same level as that of the U.S. Besides, when we consider the fact that shipping and transportation charges and import duties now account for almost 10 per cent of the sales price of our products, we will someday have to consider seriously implementing local production in countries where we now export."

Mr. Hiraoka said Komatsu would not establish production toeholds overseas in an abrupt manner. "I envisage a scenario where, for example, Komatsu Europe, our marketing arm in Europe, will procure more parts and components to be assembled into our products from local suppliers. Such efforts as these would result in a few years in the establishment of a local manufacturing plant in the natural course of events."

This practice of local procurement has already started: the mass-production components would continue to be made in the Japanese plants, while equipment and accessories, such as cabs, designed to meet the particular requirements of local markets, would be bought locally.

Komatsu makes a particular point of offering a wide variety of options in each product category to suit the customer's preferences; the local procurement policy would fit in with this. At the same time Mr. Hiraoka spoke of the need to strengthen the company's non-price competitiveness. "This means we have to get ahead of our competitors in technological competence, which in turn requires intensive research and development efforts on our part in coming years."

Despite these difficulties no-one in the European industry is in any doubt that the Japanese are a force to be reckoned with and will almost certainly become stronger. Komatsu itself organises its European marketing from Brussels—it has a total of 230 Komatsu employees in Europe, including the Brussels headquarters and five branch offices — and the products are sold in each country by independent distributors.

In some product areas the Japanese have been limited by licence arrangements or other technical links with European or American manufacturers, which have included restrictions on sales in certain parts of the world. Komatsu has had an arrangement with Bucyrus Erie of the U.S. on hydraulic excavators and with International Harvester on rubber-tyred loaders. Other companies have used American or European technology as the basis for getting started in the business. However some of these licence arrangements are either expiring or are being renegotiated and there is no question of the Japanese ability to design their own high-quality machines.

Presence

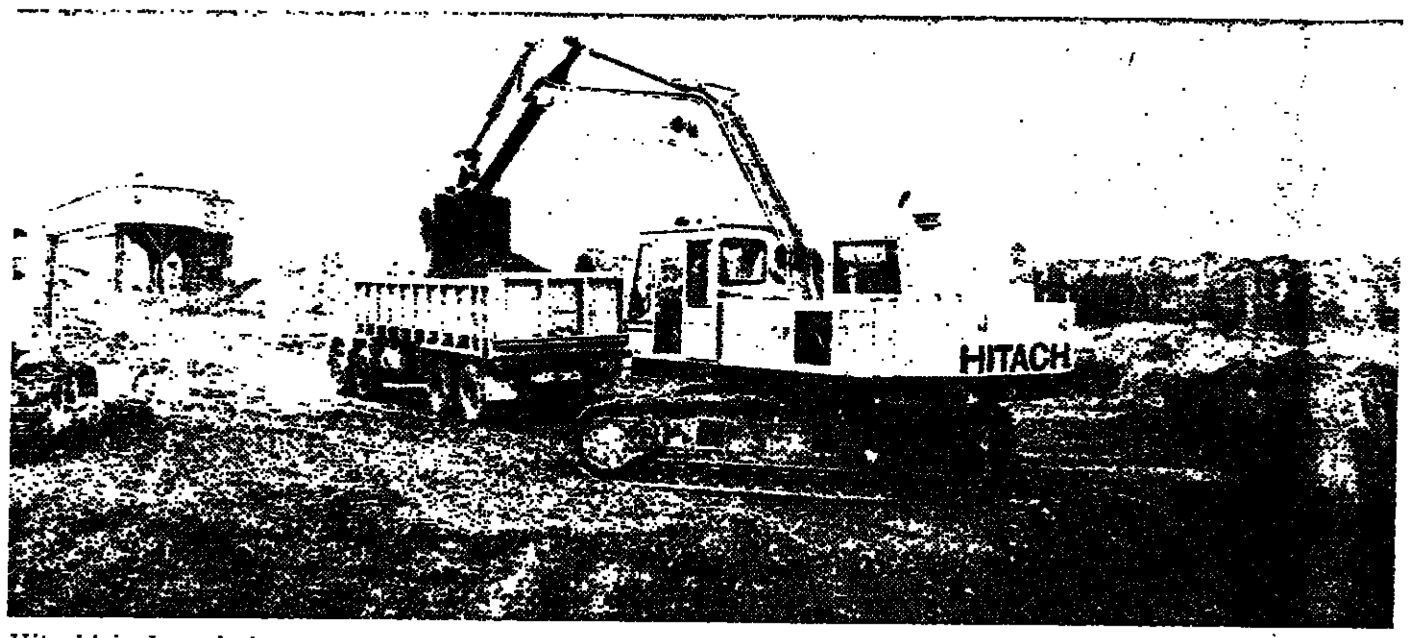
Hitachi, with its own design of hydraulic excavator, is already making its presence felt in Europe; its machines are handled in the UK by C. Itoh Plant Sales. Another Japanese company which is active in Europe is Furukawa, one of the leading producers of wheel loaders; Furukawa is now offering in the UK a range of four articulated machines, from 1.7 cubic metres to 3.2 cubic metres standard bucket capacity.

Another way for the Japanese to enter European and other markets is through a manufacturing supply arrangement with an established company. Thus Caterpillar has a joint venture in Japan, Caterpillar Mitsubishi, which manufactures certain machines for sale throughout the Cat network. Thus of the range of wheel loaders which Caterpillar sells in Europe, the smallest machine, the 910, is sourced in Japan: so is the smallest of the crawler loaders, the 931. There are other supply arrangements of this sort, not involving the formation of joint companies, between Japanese and American concerns.

Clearly, however, those Japanese manufacturers which want to follow Komatsu's example will prefer to sell under their own brand name and to set up their own worldwide marketing organisations, however expensive and time-consuming that may be.

The distribution problems are much more difficult than in the case of passenger cars or TV sets and there is unlikely to be a dramatic increase in Japan's share of world markets. But construction equipment is in a part of the engineering industry, dealing with products of high added value and needing considerable technological input which is regarded in Japan as offering good growth potential. As Japan sees some of its established industries, like shipbuilding and TV sets, increasingly shifting towards the developing countries with low wage costs, high-value engineering products like construction equipment will be given higher priority.

G.O.



Hitachi is Japan's largest manufacturer of hydraulic excavators. Here its UH09 model is shown loading a Volvo BM dump truck

PROFILE — MASSEY-FERGUSON

A substantial force

Mr. Victor Rice, president and chief operating officer of Massey-Ferguson

MASSEY - FERGUSON, the Toronto-based company, has for many years had a strong world position in farm machinery and in diesel engines. It was attracted to construction equipment by the industry's growth prospects; it was regarded as complementary to farm machinery, using many common components and to some extent the same distribution channels.

Massey's first product which it usually classifies as industrial machinery, was the backhoe loader, incorporating some of the same components, including engine and transmission, as in the farm tractor. But in the late sixties and early seventies Massey decided to broaden its range and to become a full-line supplier of construction machinery. New factories were opened at Akron, Ohio, at Aprilia in Italy and at Knowsley in the UK. In 1974 came the purchase of Hanomag in Germany, greatly extending Massey's range in larger crawler tractors, crawler dozers, hydraulic excavators and wheel loaders. As the company put it at the time, the Hanomag purchase "pulled our sales capability ahead by four years."

However, the rewards from this investment were slow to come through. During 1977—a year in which the company's net income fell from $118m to $33m—it became apparent that the lack of profits in construction equipment, coming on top of a drastic decline in sales of farm machinery in several key markets, threatened the future viability of the company.

At the beginning of this year the company announced that it was investigating various means of disposing of part or all of the construction machinery business. For six months a search for a buyer was undertaken, but, as the company told shareholders in September, "in the opinion of the investment firm which carried out the search an acceptable sale will not be possible in the short term."

The directors announced that the manufacture of construction machinery in Europe would be rationalised. A new centralised sales organisation was established. The sale of heavy construction machinery in North America and certain other markets was discontinued. The company told shareholders that these moves were expected to reduce the loss on construction machinery to $10m or less in 1979 and to breakeven in 1980.

Buyer

Given the over-capacity that exists in the European industry it was not surprising that a buyer on acceptable terms could not be found. Some observers believe that Case might have been interested in part of the business, particularly in the Aprilia plant making hydraulic excavators, if it had been on the market before the deal with Poclain came along. As for the Hanomag plant in Germany, "it's in the wrong place," one competitor says: "costs in Germany are simply too high, especially when you compare it with a similar operation in Britain."

All these events naturally had a damaging effect on distributors' morale. Strenuous efforts have been made in the last few months to rebuild it. Mr. Victor Rice, recently appointed president and chief operating officer of Massey-Ferguson, sent a statement to distributors earlier this month explaining the management changes and underlining the commitment to break even in 1980 and then go for profitability. He pointed out in his message that Massey had raised its European market share by 2 per cent in the past year to 14 per cent "and we expect further improvement. New products are being developed and the back-up service and parts supply at our European distributors continues unchanged."

Clearly the traumas of the past year are bound to have some effect on the marketplace, but the distributors are said to have remained loyal. Massey still has the advantage of a strong product range, not only in backhoe loaders where it has always been one of the European leaders, but also in wheel loaders, crawler loaders and dozers and hydraulic excavators. The new management of the construction equipment operation, based in Italy, is determined to strengthen Massey's position in Europe and to attack selected markets outside Europe, mainly in the Middle East and Africa, where the best returns can be achieved. Massey-Ferguson remains a substantial force in the European construction equipment scene.

G.O.

PROFILE — JOHN DEERE

Impressive newcomer

A RELATIVE newcomer to the construction equipment scene, John Deere has managed to make a big impact in a short space of time. Well known for its predominance in the agricultural machinery industry—sales in this sector have outpaced any other manufacturer since 1963—the company has only in the last five years become a major international force in the industrial equipment market, to be considered alongside names like Caterpillar, Komatsu and International Harvester.

It has no illusions, however, about how far it has yet to go. As one of John Deere Intercontinental's Brussels - based executives put it: "We're not kicking Caterpillar out of the door. We know that what we want to achieve takes time but we're patient people and we're going to be around from now on."

John Deere construction equipment sales are due to hit $1bn by 1980—compared to agricultural sales approaching $3bn. Last year they amounted to about $670m worldwide, with 70 per cent of that figure accounted for by customers in the U.S. Of the remainder nearly 75 per cent of sales are in Europe, Africa and the Middle East.

By the mid-1980s more than one-third of Deere's total sales volume is expected to come from outside North America.

The company's assault on the construction equipment sector—it now produces a comprehensive range of machinery, including loaders, bulldozers, graders, scrapers and backhoes—gained momentum in 1974 with the introduction of its ERA 3 range, offering more powerful machines than had traditionally been the case for Deere and enhancing the company's reputation for innovation in design.

The new range underlined Deere's determination to opt for internal growth rather than expansion by acquisition, the choice of many of its competitors. As the same executive commented "Most of our competitors have bought out other people, an accepted practice in the industry, but many acquisitions have not stood the test of time. We have concentrated on developing from within and it is a policy which has paid off."

Deere itself did nevertheless at one stage attempt to combine resources in Europe with Fiat of Italy in the agricultural equipment sector but the proposal came to nothing and since then the company's philosophy has generally been to go it alone.

Slim

Its ambitions in Europe clearly received a set-back when the construction market sank into one of its worst-ever recessions and although the situation has recently begun to improve Deere makes no secret of the difficulties presented by a restricted market place which remains highly competitive and where profit margins have been fairly slim.

The company currently has manufacturing facilities in Mannheim, West Germany, and in France and says—as the only major U.S. construction equipment group without a manufacturing base in the UK—that it would not rule out a British operation when additional capacity is required. To make room for growth at home and overseas, this Illinois-based company is now involved in a long-term capital expansion programme in excess of $1bn.

Expansion of manufacturing capacity in the U.S. during the past two or three years has meant that space available for industrial equipment production has already doubled.

Within the region covered by the Intercontinental operations, France has emerged to become the company's best market. The company's product range has been well accepted by major French contractors and it is in France that Deere makes engines for construction equipment and agricultural machinery sold in Europe.

Ranking second in importance is West Germany, where Deere has an arrangement under which Atlas produces hydraulic excavators sold under the Deere name and with Deere engines. Deere is also responsible for servicing them. The company believes that it would be preferable to carry out the entire operation for itself but simply points out that commitments elsewhere have in certain circumstances made such arrangements necessary.

Further afield Deere has recorded notable sales successes in Saudi Arabia, its fastest growing market—although one which is not as big in total as France and Germany or likely to become so. Sales to Saudi have come largely through the major international contractors, particularly the Dutch and the French. A major coup came in 1977 when Deere sold about 50 machines from across its range to a U.S.-Saudi consortium charged with the job of maintaining all the country's airports.

Deere is also selling in Nigeria, Egypt—where it has a distributorship with a local company—Libya, Jordan, Kuwait and the United Arab Emirates. Small markets also exist in Morocco, Tunisia, the Sudan and Iraq.

Deere puts great weight in its international network of dealerships which it has built up for itself. In the past ten years it has pursued a policy involving separate marketing organisations for its industrial and agricultural products. The only exception has been in France where both sides have been handled through one dealer, although even this arrangement ends this year.

Michael Cassell

Prospects of modest gains in construction output

HOUGHT with which the ilding and civil engineer- ctor might have been d to comfort itself hout the past four or five of recession was that its an brethren had fared etter. But it would have ilse consolation, since the domestic difficulties con- g construction industries hout Continental Europe rced them into direct and competition with UK tors in those parts of the where work does exist.

a result the lifeline of which extends from areas e Middle East and parts ca has become even more ious and the scarcity of as contracts has thrown reater relief the severe ms confronting most rs and civil engineers at

size and importance of the ean construction sector ten been veiled by the of its constituent ers to promote themselves significant extent as a entity. It is true that s countries have different ds of operation and nt problems which have d the scope for co-opera- tion but at least there are now some signs that a new approach may be on the way.

Construction accounts for roughly 8 per cent of Gross National Product in the countries of the EEC, for 7 per cent of the total employed population and 20 per cent of operatives employed in all industrial sectors.

The industry's fortunes are inextricably intertwined with the economic progress of the region as a whole and its ability to play a part in any programme of revival and expansion will depend on its success in riding the current storm. A recent report compiled by the European Civil Engineering Federation made great efforts to underline the strategic importance of the construction sector, not only from the structural point of view but, also in helping to revive the EEC economy.

Planks

It set out what it believed to the main planks of any future co-ordinated construction plan and highlighted in particular a housing policy "founded on progressive satisfaction of present and future aspirations," a policy of public investment to stimulate industrial development and a programme of public amenity construction to maintain and improve the quality of life for Europeans.

On the more immediate matter of short-term prospects for construction, the outlook would now appear to be a little more buoyant. The first conference of the European Construction Forecasting Group to be held in the UK recently heard that some nations within Europe expect modest improvements in output level over the next two years or so.

According to the Group, Britain should join West Germany and the Netherlands in experiencing a revival in construction output this year and in 1979. Estimates suggest that total construction output this year will rise by 4 per cent in West Germany, 6 per cent in the Netherlands and by a more modest 2 per cent in Britain.

Next year West Germany will see a further 3 per cent rise while the Netherlands expects a 4 per cent increase and Britain another 2 per cent. The Group also forecast that while an increase in output of a little under 3 per cent is also expected this year in Italy, the trend is likely to be reversed in 1980, with a fall of more than 4 per cent. In Belgium, France and Denmark the outlook is not so bright, with continuing reductions in workload continuing over a two-year period. Most nations, however, do expect to see a steady climb in the volume of repair and maintenance work taken on.

In the public sector the growth rate is generally expected to be weak, except in West Germany, where a substantial increase in output is forecast, and in France where public corporations are engaged in large investment programmes.

Much of the anticipated work ahead, however, involves building rather than civil engineering projects and projections involving "heavier" construction work remain highly dependent upon a number of large investment projects on which final decisions have not necessarily been taken.

It is interesting to note that some countries like Denmark and Italy have gone further than others in attempting to build some degree of certainty into future levels of construction expenditure. In Denmark the Government earlier this year presented a scheme for public investment activity—construction accounts for 80 per cent of public investments—over the next eight years.

The Danes are not suggesting their targets are inviolable but they have gone much further than most administrations in accepting that an attempt to establish a longer term planning approach to areas of construction activity can only represent an improvement on the vicious cycle of spending cuts and increases which have dogged most construction industries for so long. Only time will tell if economic circumstances allow their guidelines to remain more or less intact.

Hopes

Italy, too, is considering a ten-year plan, this time limited only to residential construction work, though there are high hopes that if the Senate Committee on Public Works gives it the go-ahead a similar principle may eventually be extended to other areas of construction work. It should be pointed out, however, that for the moment there is no overall and rational concept of the medium-term objectives and strategies which should govern the use of resources, based on a stringent order of priorities.

The potential for European domestic markets to begin to provide far greater volumes of work for their own civil engineering industries has recently been highlighted by a draft report on transport infrastructure prepared by the EEC's Transport Minister, Mr. Richard Burke.

In his report Mr. Burke proposes, among other things, a £20bn plan to improve the Community's roads, a road and rail tunnel under the Channel, improved rail links, more rail and road crossings over the Swiss and Austrian Alps and a link between Italy and Sicily.

The total cost of the controversial Burke proposals would be in the region of £1bn a year for 20 years, with the EEC itself possibly paying up to 20 per cent of this figure. The reaction of EEC members, currently trying to hold back public spending, has been, to say the least, predictable but Mr. Burke's proposals certainly provide an insight of what European co-operation could mean given the right economic circumstances.

He argues that co-ordinating the construction of roads, railways and waterways is essential and that a lack of overall co-ordination must not be allowed to perpetuate a situation in which vital routes are disrupted by national borders.

Even if the EEC's growth rate in the next 10 years is a half of the 1965-75 levels the Commission expects traffic to grow by a quarter and Mr. Burke's plans outline the need to improve no less than 7,000 kms of roads 8,400 kms of railways and 1,550 kms of waterways.

If only part of such a programme were put into operation the benefits for the construction sector would hardly need underlining and a programme of its type would present excellent opportunities for international contractors to work together to meet the EEC's objectives.

So the Community's development may well begin to provide the type of construction opportunities which would not arise if each nation continued to pursue totally separate development programmes. Each country will continue to have its own requirements but the physical linking of each market with an eye on the eventual integration of their economies could eventually provide Europe's hard-pressed construction sector with a new lease of life.

Michael Cassell

Tougher line needed on accident prevention

STRUCTION IS tradition- seen with mining as the stry most open to and ted by accident and injury. ite great strides taken in country and internationally overnments, trades unions mployers, the public seems ke it for granted that both stries are accident prone.

sessment on a national, let European, scale of the and nature of a problem such dramatic human t is difficult. One approach at advanced by the International Labour Office in its sted code of health and y practice for the construc- industry in Europe. It s each part of the construc- process in minute detail, informed suggestions on each task can be best done nform with the stringent y standards with which, the feels, construction industry ers ought to be protected. ough this shows up the lth of the task still facing y experts, the only real ation of how far safety ies and legislation are effective in practice on ing sites themselves is still. tunately, the accident tics produced in each ry and correlated inter- nally by the ILO.

Britain, for example, 60 in every 1,000 working in construction industry are ed annually in an indus- accident. About 20 in 100,000 die—five times ate for manufacturing in- y as a whole. The Depart- of the Environment esti- s that accidents in the ing industry cost the ry at least £30m every for treatment, lost produc- delays and compensation, dition to the personal dis- and, very often, financial ship caused to men and families. Industrial ents in general in 1976, ast year surveyed by the h and Safety Commission, d more than 16m working to be lost—nearly five as many as through indus- stoppages in the same d.

ale

e problem of health and y in any industry, but par- arly so in construction, e efforts are being made to pace with population ls, is not just personal or industrial, but an economic lem on an international .

atistical comparisons be- n countries of accident is difficult, though. The ber of minor accidents is ively high in any country— e first quarter of this year e 7,855 non-fatal accidents the construction industry notified to the Health and ty Executive—but data on fatal accidents do not lend selves easily to inter- onal comparison and are efore generally excluded analysis.

INDUSTRIAL ACCIDENT RATES—EUROPEAN CONSTRUCTION INDUSTRY
(Fatal accidents)

	Code	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Austria	I/c	—	—	—	—	—	—	0.77	0.84	0.76		
France	II/c	—	—	0.48	0.46	0.48	0.49	0.50	0.47	0.45	0.46	—
Germany (East)§	—	0.23	0.27	0.23	0.24	0.24	0.19	0.19	0.13	0.15	0.14	—
Germany (West)	II/a	0.51	0.46	0.50	0.47	0.40	0.40	0.44	0.39	0.37	0.33	0.35
Hungary¶	I/a	0.27	0.33	0.30	0.38	0.33	0.37	0.28	0.27	0.24		
Ireland	I/b	0.09	0.20	0.14	0.09	0.09	0.16	0.25	0.14	0.15	0.15	0.08
Italy	II/a	0.82	0.69	0.74	0.73	0.70	0.65	0.53	0.55	0.51	—	—
Netherlands	I/a	0.33	—	—	0.15	—	0.07	0.13	0.13	0.12	0.08	—
Norway	I/b‡	0.44	0.47	0.43	0.27	0.23	0.41	0.20	0.15	0.11		
Switzerland**	II/a	0.84	0.79	0.61	0.65	0.72	0.63	0.56	0.66	0.63		
Sweden	II/d	0.11	0.09	0.12	0.09	0.10	0.07	0.06	0.08	0.06	—	—
UK††	I/c	0.14	0.21	0.16	0.19	0.22	0.19	0.19	0.18	0.21	0.15	0.18
International comparisons:												
Canada	I/c	1.25	1.20	0.96	0.95	1.03	0.81	1.00	0.90	0.96	0.96	0.85
U.S.*	I/d	0.28	0.18	0.19	0.16	0.19	0.20	0.25	0.23	0.13	0.16	—
Japan†	I/d	0.39	0.38	0.29	0.31	0.21	0.23	0.17	0.19	0.21	0.16	0.13

Source: International Labour Office Health and Safety Executive.

Notes: * Based on sample surveys. † Establishments employing 100 or more workers. ‡ 1965-72. § Including quarrying. ¶ State industry beginning 1969: excluding construction of railway lines. ** Beginning 1969: including quarrying. †† Excluding Northern Ireland.

Code: I Reported accidents. II Compensated accidents. a Rates per 1,000 man-years of 300 days each. b Rates per 1,000 wage-earners (average numbers). c Rates per 1,000 persons employed (average numbers). d Rates per 1m man-hours worked.

The only possible basis for comparison is the fatal accident rate, though even that has its drawbacks. The actual definition of accidental death can vary considerably, and in a broad sector such as manufacturing, the incidence and spread of high or low level risk industries varies by country, giving an expectation of a correspondingly higher or lower fatal accident rate.

The frequency rate of industrial accidents—the ratio of the number of cases of accident occurring during a given period to a number representing "exposure to risk" during the same period—is the best way of measuring accident risk, and thus judging the effectiveness or not of health and safety measures because it is not affected by differences in working hours from one industry to another or one country to another.

It is computed on the basis of hours worked by dividing the number of accidents (multiplied by 1m) occurring during the period covered by the statistics by the number of hours worked by all persons exposed to risk during the same period. (Full account must be taken in the figures in the table of the effect of differences in economic scope of the data or lack of uniformity in the definitions used or the methods of computation and estimation.)

Despite the difficulties of comparison in seeing how successful different European countries have been in combating the threats to health and safety on the building site, variations in the series for a single country over a period of time will, in general, the International Labour Office estimates, reflect the changes in conditions of accident risks in the country—though they may be affected by alterations in methods or reporting or computation.

Britain compares very favourably with the other major EEC countries. Employers maintain that accident rates in the industry in general show a downward trend, and the European figures bear that claim out. The trend, though, is a gradual one; and trade unionists and health and safety experts could well maintain that the trend is so gradual that the incidence of accidents in the construction industry has remained relatively static, and that more therefore needs to be done.

Dozen

Holland has cut its accident rate in the industry dramatically in the last dozen years, from 0.33 in 1965, through the exceptional year of 0.07 in 1970 to fall again towards that total in the final year recorded in 1974 of 0.08.

Germany's figures, though, are perhaps the most significant, though not in isolation. Germany seems to be gradually reducing its fatal accident rates in all sectors, from 0.44 in 1971 to 0.35 in 1975 in the construction industry, and in the same years from 0.19 to 0.16 in manufacturing industry in general, 0.33 to 0.26 for railways and 0.71 to 0.46 in mining and quarrying.

Comparable figures for the same period in the UK are: construction, 0.20 to 0.18; manufacturing industry, static at 0.04; railways, 0.24 to 0.19; and mining (excluding quarrying) has remained at 0.36. The figures are lower in overall terms, but the pattern is relatively static in comparison with Germany's gradual fall.

The causes of accidents in the building industry are and have been internationally familiar for a number of years. An outcry followed the publication earlier this year of a report by the Health and Safety Executive on the construction industry in *Britain, which predicted that if* a real improvement in safety standards was not made, 2,000 building workers could be killed over the next 10 years, with a further 400,000 suffering serious injury.

The report "*Health and Safety: Construction, 1976*" noted: "Whereas legislation has applied to an ever-wider range of building and construction activities, the causes of fatal and serious accidents have generally remained the same for the past 60 or 70 years: falls of persons, particularly from ladders, roofs and scaffolds; falls of materials; collapse of excavations and misuse or failure of lifting machinery and vehicles."

In a separate analysis, the Executive claimed that a fall was the cause of 44 of 100 deaths in the industry looked at in the six years to 1975. A further 26 were caused by falling *materials* — and the *Executive* claimed that management was primarily responsible in two-thirds of the cases.

Latest statistics for the number of accidents in the first quarter place construction well to the fore in fatalities: it had 26 in the period, with mining next with 22 and metal manufacture well below with 13. The total number of accidents reversed these positions, though, with mining the high at 12,468 and construction at 7,881.

It remains to be seen how far Britain's new health and safety legislation, which provides for the closest involvement yet of trade unionists in determining their own safety at work, under the Health and Safety at Work Act 1974, will affect Britain's own check on its fatal accident rate in the industry in comparison with its EEC colleagues. But Government, employers and trade unionists would all unite in stressing that checking the number of fatal accidents is not enough: the target must be emulation of Germany's toughly achieved reduction.

Philip Bassett

J? er a new breed of giants

MIC FEASIBILITY STUDIES
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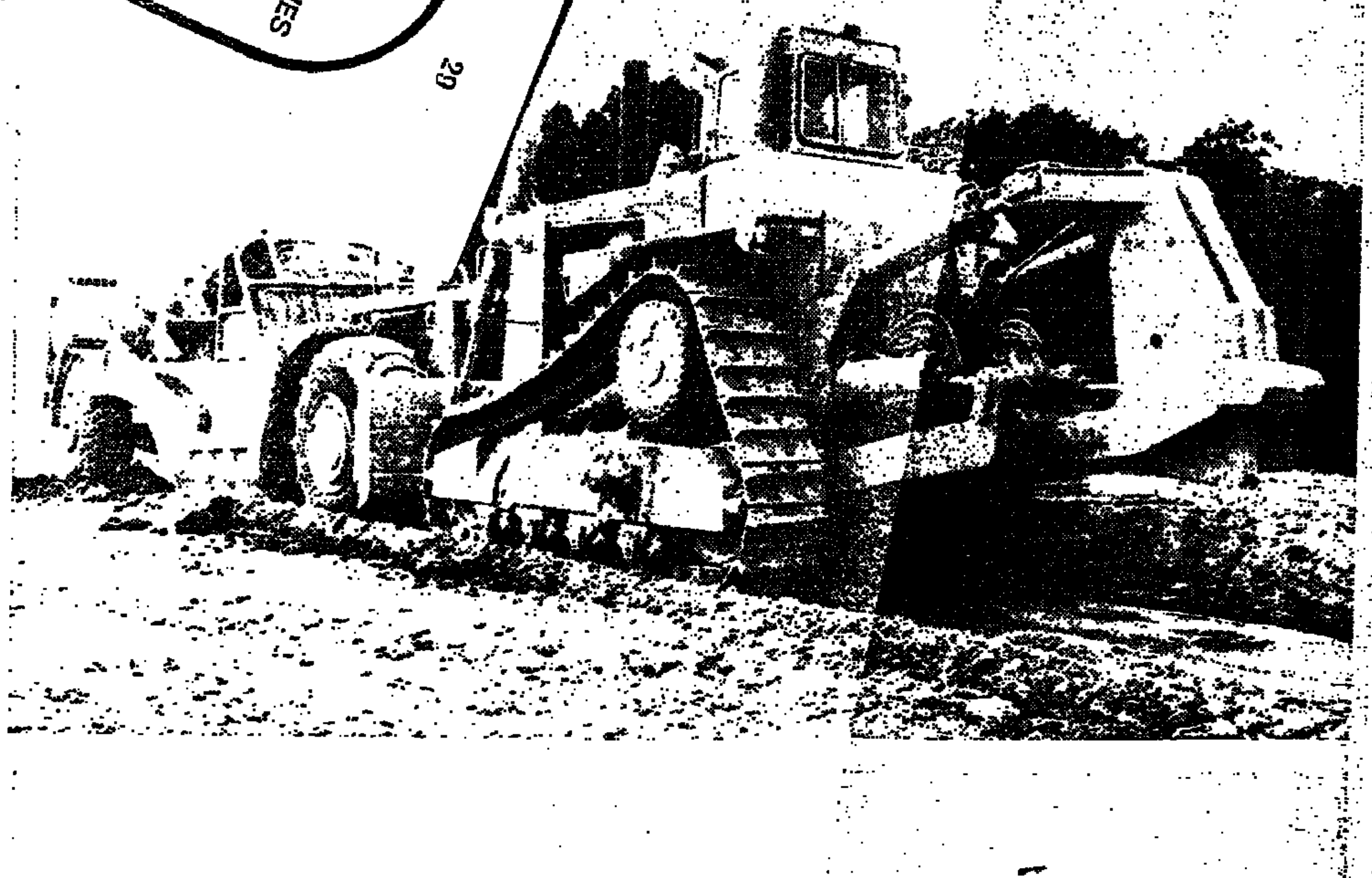
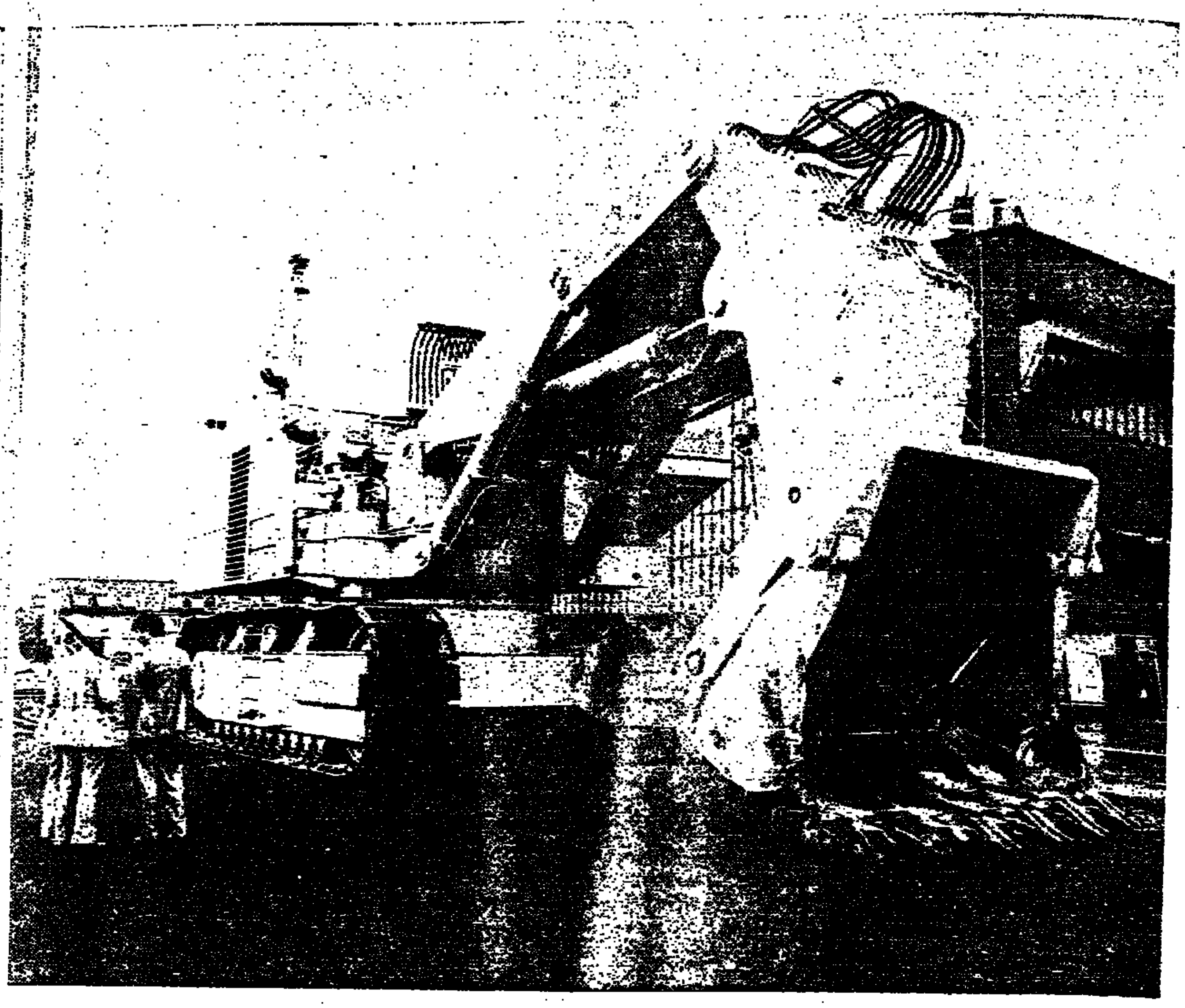
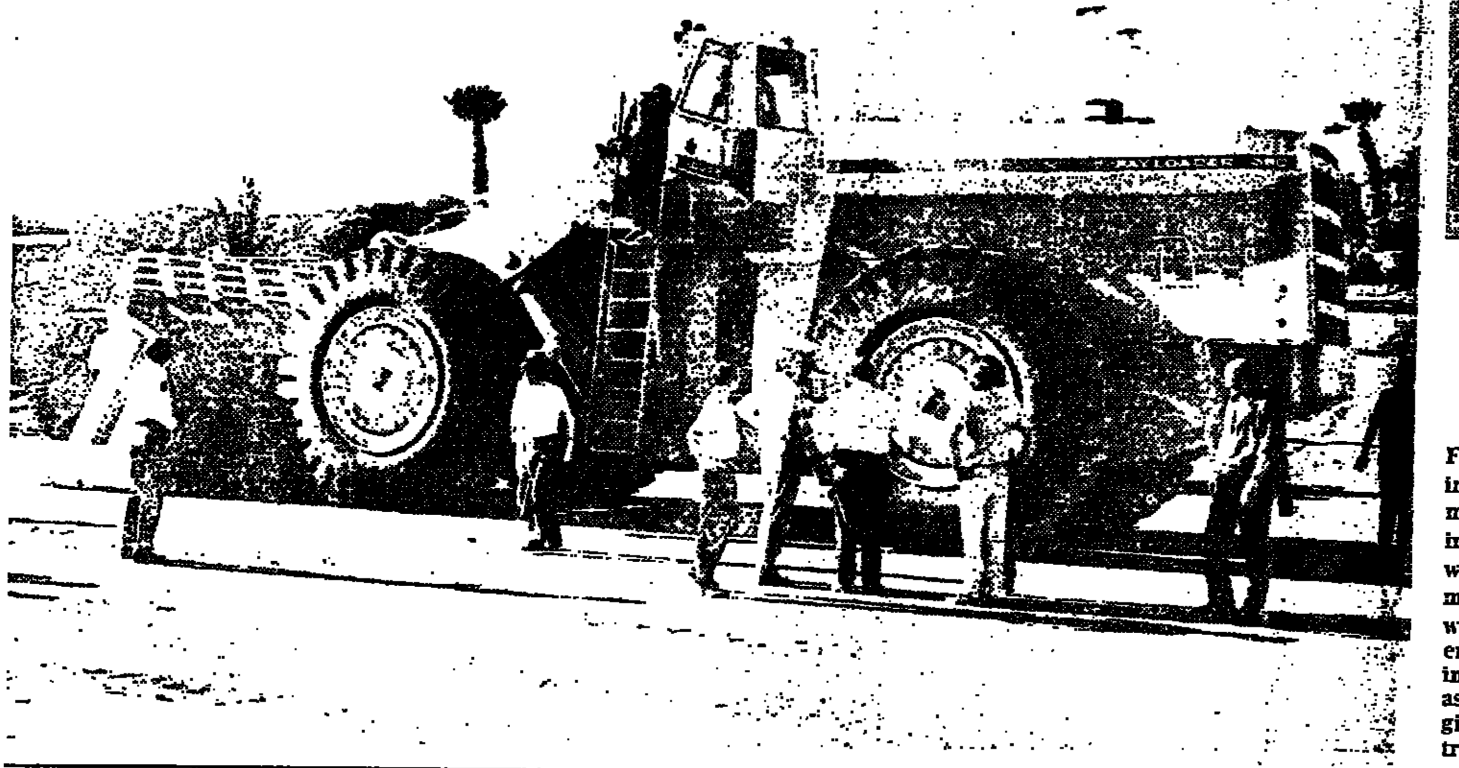






AN INTERNATIONAL TRIO

For very large civil engineering and mining projects manufacturers are developing more powerful machines which enable the operator to move larger amounts of earth with greater speed and efficiency. Last year Caterpillar introduced what is described as the world's most technologically advanced crawler tractor, the D10 (above left).

Designed to be at least 50 per cent more productive for bulldozing than the company's next biggest machine, the D9, it uses a V12 engine delivering 700 flywheel hp (the same engine is used in Caterpillar's largest dump truck and wheel loader) and incorporates several technical innovations which increase both the output of the machine and its serviceability. The D10 is 15 ft high and weighs about 90 tonnes.

Another recently introduced giant is the Demag H241 hydraulic excavator (above), designed mainly for open cast mining. This machine has a service weight of about 240 tonnes and it carries a bucket of 14 cubic metres capacity. It uses a General Motors engine of 1340 hp.

A third example of the move to greater power and size is International Harvester's 580 wheel loader (left). Designed for high speed, high manoeuvrability and high performance, it carries an 18 cubic yard rock excavator bucket and weighs 279,000 lb. Each tyre has a diameter of nearly 9½ ft.

UK working party's views

IN THE U.S. when a construction equipment group decides that times are so bad that it has to lay people off it must pay them 95 per cent of their normal wage for the first 12 months. That has been established by the current three-year contract between the unions and companies in the industry. "It is one of the greatest incentives to management to get out and sell," commented one UK executive about this clause.

British trade unionists, when they learned about the lay-off policy during a recent visit to the States, were also impressed because any worker who has been laid off in America is far better off than he would be in the UK, where the Government is responsible for unemployment payments.

This was just one of several talking points arising from the trip to the U.S. by a small delegation from the construction equipment industry's working party at the UK National Economic Development Office (NEDO).

The working party is one of 40 involved in the UK's industrial strategy programme which has brought together managers, trade unionists, civil servants and politicians at NEDO in an attempt to improve Britain's performance in world markets. Each of the working parties is concentrating its attention on one particular industry and draws its membership mainly from people directly involved in that industry.

For the past year the construction equipment working party has been looking closely at productivity in the UK companies—an obvious problem area.

Having analysed the labour productivity in UK-owned businesses, the delegation moved off to the States to see how it compared with a small selection of companies there. The concerns chosen were medium-sized by American standards but rather large in the context of the UK-owned companies. The report on that visit is now being distributed to all those engaged in the strategy programme.

One of the key points it makes is that industrial relations in the U.S. are very stable compared with those in the UK. This stability springs from the three-year union-industry contracts, and it gives management some certainty about costs and output during those three years. In the UK it is not possible to look that far ahead and for the production team to be able to promise the marketing men delivery and prices well into the future.

The UK group was also impressed by the sheer weight of numbers employed to deal with industrial relations in companies in the U.S. There are enough people employed to monitor the three-year contract properly while leaving the personnel director free from having to deal with every minor problem that emerges.

Balancing this corporate effort, the union representatives were "very impressive and sophisticated in their approach," according to one of the British team who met them. "They had a clear idea of their role—they wanted no part of worker participation on the Board for example—but they spend money to do the research thoroughly when they go for wage increases and fringe benefits." As a result wages are high.

But how does any of this apply to the UK? In Britain companies have to deal with several unions. Pay deals last but one year. In recent times there has also been a suspicion that union leaders will not be able to deliver after agreement has been reached.

However, the NEDO party believes that by presenting individual companies, or the managers and unionists within them, with the findings from the U.S. visit, it will be promoting serious discussion about productivity in the light of the American experience.

In any case nobody involved in the industrial strategy programme has ever claimed it would provide an easy way to dramatic change. But at least it might halt the decline of Britain's influence in world markets and in its share of world trade.

The construction equipment (including mobile cranes) sector is one of the largest in UK mechanical engineering, accounting for 8 per cent of its output and around 4 per cent of its employment. It has had a consistent balance of trade surplus—about £400m—but its share of world trade has been declining until recently.

The simple part of the industrial strategy programme was to identify the industry's major problems. The next step, setting objectives, was more difficult. And the problems of making some of the required changes, both physical and in attitude, are proving extremely difficult.

However, one of the prime objectives over th epast year or so was "to reverse the trend in world trade." The 1977 figures are not yet available but the working party is convinced that the UK's share of international trade in construction equipment has improved.

On the other hand, another objective—"to reduce import penetration to 50 per cent"—has not been achieved. In fact imports have been increasing their share of the UK market. The problem with import substitution is the lack of UK capacity for some vital items in the construction equipment catalogue—such as heavy hydraulic excavators, for example.

The influence of the North American-based multinational groups is also a significant factor. All but one of the major North American groups have manufacturing facilities in Britain and together they account for more than half of the construction equipment industry's exports.

In this context the work at NEDO has to take account of the North American presence and the benefits it brings. A recent report from the construction equipment working party commented: "Further investment by (the multinationals) to expand capacity, widen their UK-produced range or increase UK component sourcing will to an important degree depend upon the impact of macro-economic policy on the relative attractiveness of the UK as an investment area."

But while the strategy work must take full account of the importance of the multinationals, they are big enough to look after themselves. That cannot be said with such certainty about some of the smaller UK construction equipment groups.

In 1976-77 the NEDO work involved a study of international market opportunities and the way they might be exploited. About 40 British companies were asked which overseas markets they considered to have the greatest potential and about the problems they had experienced in tackling those markets.

Obviously the answers obtained and the report prepared from them were of more use to the small British companies than the large multinationals.

More recently the working party has completed a financial survey of the UK groups. This showed clearly in the UK part of the industry, certain types of companies have some financial difficulties—and the companies concerned are not necessarily the smallest in the business.

The world market has not grown as had been widely forecast. Margins have been equeezed and are not likely to get better for some time. All this has made life even more difficult for companies already under pressure.

In the coming year there are unlikely to be any new initiatives from the working party. A great deal of work has been completed, covering obvious problem areas. The priority task is to ensure that the messages provided by the work done are widely disseminated within the industry and acted on.

Kenneth Gooding

صورة من الأصل

Afghanistan's rocky road to Socialism

BY DAVID SATTER, recently in Kabul

HE crowded bazaars of 's old city, life proceeds at : set centuries ago. Crafts- ione their fine copper, and merchants in shallow stalls sip tea while veiled n inspect meat carcasses swarms of flies.

a city of 700,000 where pray five times a day but has no municipal sewage n, the activities of the e ages linger on. Itinerant rs cut their customers' hair tches of earth and scribes ose letters for men in flow- ·bes.

: cities and baked mud es of Afghanistan have little change for centuries ie country now appears on rink of one of the most tant attempts at moderni- in its history and, ly, it could bring with it cedented bloodshed.

regime which seized six months ago in a coup loved the country appreci- deeper into the Soviet orbit as pledged itself to abolish lism. Mr. Hafizullah Amin, reign minister and appar- trongman in the Govern- said the goal of the ruling (People's) party is to a modern, Socialist y.

party is conducting an ive drive to recruit young in every village and pro- e unit in the country at ame time as making many s, particularly in the l forces, and suppressing ic revolts in the eastern nces of Badakhshan, r, Paktia, Logar, and nan.

sians have become the common foreigners passing gh Kabul airport and are a common sight in Kabul e crowds behind the Pul-I- nti mosque or strolling past ug emporiums on Chicken t under the eyes of cious merchants.

The anomaly of a socialist government in a fundametally conservative, deeply religious country like Afghanistan has not been lost on either the Government or its many actual and potential opponents. Government representatives are being assassinated in the provinces by the Akhwani, the semi-secret Moslem brotherhood and there have been mass desertions from the armed forces and the beginnings of guerrilla activity.

The best estimate of the Khalq Party's present strength is that it numbers no more than 2,000 hard core members. For purposes of comparison, there are believed to be more than twice that many people under arrest and awaiting an uncertain fate at the Pul-e-Charki prison outside Kabul.

Russian backers

This small, organised group and its Russian backers want to remake this country where the terraced mud and adobe houses rise mirage-like atop each other in clouds of mist and dust on the sides of barren hills and the devout pray on prayermats in the corners of public buildings. To do this, however, they may have to use great violence which the regime is now in no position to apply.

The coup itself is believed to have involved only 600 officers commanding two divisions and an armoured brigade. Loyal units were prevented from coming to the relief of the regime by the air force, under the command of Major General Abdul Qader, a member of the Parcham (flag) Party—rivals of the Khalqists since Afghan Marxist-Leninists factionalised in the 1960s.

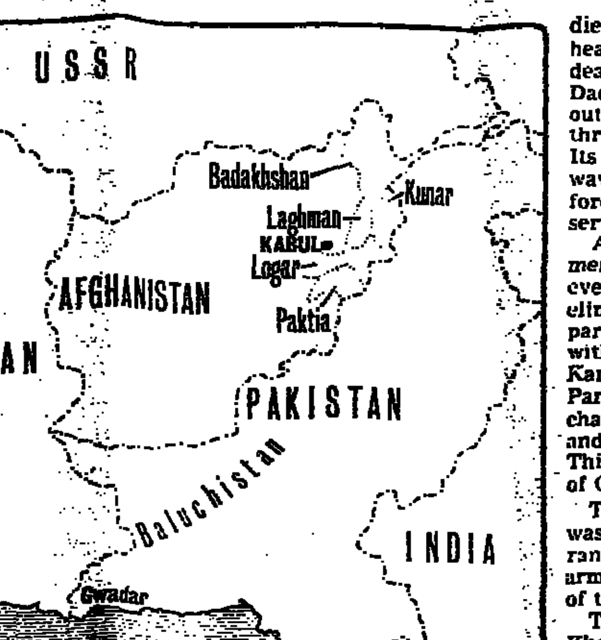
As against this, however, the Khalq Government—which is headed by President Noor Mohammed Tarakki, a poet, ex-shipping clerk, and former Press attache in the Afghan Embassy in Washington—can count on the support of 2,000 Soviet military advisers and 3,000 Soviet civilian advisers, in all, four times as many Soviet advisers as before the coup.

The regime's ultimate intentions are far from clear. Government meetings are opened with readings from the Koran in an attempt to still Moslem fears but the actions the regime has taken in promulgating, although not implementing, a policy of dividing up the estates of large landowners, and abolishing smallholders' debts to money lenders, give an indication of the Socialist direction in which they intend to proceed.

The increasing Soviet presence in Afghanistan and the new regime's dependence on Soviet support have caused alarm in the West. This is belated in light of the fact that social and political conditions created years ago made it a virtual certainty that any modernising government would inevitably be Soviet oriented.

With 60 per cent of the population of 17m eeking out a living as farmers, an ossified social structure and mass illiteracy, the voluntary processes of a market economy have long seemed to many educated Afghans to have little to offer.

Soviet influence was first established in the 1950s when the Russians agreed to supply Afghanistan with arms after the U.S. turned down Afghan requests for arms in connection with the border dispute with Pakistan. Young Afghan officers thereafter spent up to seven years training in the USSR. Many returned to join the Khalq or Parcham parties.



In the last 20 to 25 years, Soviet assistance has totalled $1.5bn—more than that provided by any other country. The impact of this was to bring Soviet advisers into the ministries, particularly of planning and mines and industries. A Soviet model of development based on industrialisation is accepted by the Government—as it was by the former regime of President Mohammed Daoud—as the most valid approach for Afghanistan's future development.

Under the Daoud Government, the situation in Afghanistan, however, was one of complete stagnation. In a country where half the children die before the age of five, the Daoud regime had no stated commitment to development.

A member of the Mohammad Zai clan, which had ruled Afghanistan for 200 years, Mr. Daoud did not make use of a Soviet credit line worth $308m. The smallest Western aid proposals were debated at Cabinet level where weeks were lost in arguments over the wording of agreements. In April of this year, Mir Akhbar Khaibar, a leading Parcham ideologist, was assassinated by unknown persons. Between 15,000 and 20,000 people took part in the funeral and a demonstration at U.S. Embassy, frightened the Daoud Cabinet and led to the arrests of Mr. Tarakki and Mr. Amin, the organisers of Khalq support in the armed forces. On April 27, a Cabinet meeting was called to consider purges in the armed forces. This triggered the coup.

The coup has been described as "desperate, daring and do or die"—it was violent, involving heavy fighting and hundreds of deaths, including those of Mr. Daoud and his family, and its outcome was uncertain all through the night of the 27th. Its success was followed by waves of arrests in the armed forces and a purge of the civil service.

As soon as the new Government had organised itself, however, the Khalqists began the elimination of their Parchamist partners in the coup starting with the dispatch of Mr. Babrak Karmal, former leader of the Parcham, and four other Parchamists to ambassadorial posts and their subsequent dismissal. This was followed by the arrest of Gen. Qader.

The purge of Parcham leaders was followed by the arrests of rank and file Parchamists in the armed forces and a second purge of the civil service.

These measures secured a Khalq monopoly of power but whittled down the regime's base still further. Public lectures, rallies in military units and factories, and the requirement of Khalq membership for important posts are all now being used to swell the party's ranks.

The purges appear to be over for the time being and there are signs that the new Government is growing in self confidence. The Khalq Party still declines to refer to itself as "Marxist-Leninist" for fear of posing too sharply the conflict with Islam but two weeks ago, the regime introduced the new Afghan flag, which is entirely red and no longer sports the traditional Islamic colour of green.

Still, the Government is taking no chances. There are 60 tanks inside the palace grounds as a precaution against a counter coup, and an 11 pm curfew is strictly enforced while powerful searchlights nightly sweep Kabul's surrounding hills. Military units are constantly being shuffled, the command structure is shattered and the air force is grounded.

If the regime consolidates itself, it must decide how far to go in transforming Afghanistan society. The five-year plan now being prepared is intended to introduce the first serious industrialisation in the country's history.

The intention is for the share of industry to increase with each subsequent five-year plan. Agriculture is to be collectivised on a voluntary basis following land reform. Private enterprise, is eventually to be abolished, and the 10 per cent of the population which is nomadic is to be offered land for voluntary resettlement.

Agriculture

Western experts view this programme with distrust. They believe Afghanistan cannot be competitive as an industrial society and have urged diversification of agriculture with concentration on cash crops such as cotton, nuts and dried and fresh fruit.

In keeping with national pride and the regime's "anti-imperialist" bias, the Afghans have rejected this advice and although dependent on outside sources for an estimated 70 per cent of the funds for their five-year plan—most from the Eastern Bloc—they are going ahead with capital intensive projects such as exploitation of the Ainak copper deposits. This will isolate them from the world economy and tie them irrevocably to the Soviet Union.

The effective date of the decree on land reform has been postponed until next autumn—in effect, for two more harvests—and the article abolishing peasants' debts to money lenders is, in many cases, being ignored by peasants who are paying their debts lest they be deprived of credit to get seed for next year's planting.

There seems little doubt, however, that if the regime wants to make rapid progress in industrialisation and collectivisation it will at some point have to decide whether to use overwhelming force to achieve its ends.

There is another worldly quality to this remote, mountainous country where life seems to centre on prayer, the local tearooms, which are full of animated Afghans at the height of the working day, and the campfires of tribal nomads, which dot the side of the main highway to the capital at night. The reaction to an attempt to destroy the traditional patriarchal society by Marxist-Leninist ideology would probably throw the country into chaos.

There is however some backing in Afghanistan for forcible methods.

If the Khalqi regime emerges as militantly revolutionary, its activities could also have an international dimension. The regime could inspire increased violence in Pakistan and Iran by giving support, at the Soviet Union's behest to the left-wing separatist movement, acting on behalf of 5m Baluchi tribesmen.

If the Baluchis, using Afghanistan as a staging area, are successful in separating Baluchistan from Pakistan—and there are many who believe that in the medium term they will make the attempt—Afghan militancy would have helped destabilise the regional balance, allowing the Soviets, at long last, to realise the long-held aspiration of dominating Afghanistan and Baluchistan, thus achieving a warm water port—Gwadar—on the Arabian sea.

Letters to the Editor

ransport in ıe future

the Chairmen, British ays Board and British Road ration.

,—At the recent and stimu- : Chartered Institute of sport conference organised he Financial Times, the tary of State for Transport, William Rodgers, questioned ber transport would in e be able to have the same ity as hitherto in national ling plans. In that event autioned that more could be allocated to one form ansport at the expense of ier and that the message to port operators was "make ith what you've got."

traders in transport we are ly aware of the economic m which prompted Mr. ers comments, and we ly accept that there many differences between er investment priorities and ocial and economic policies i underlie Government deci- investment decisions is a political question, but we would counsel the need for the transport industry to be seen as inseperable from economic prosperity.

t there is equally wide ment throughout the in- y that transport is an essen- art of the wealth creating ss and must receive high ity in the nation's strategy onomic recovery.

t public expenditure cuts greatly aggravated both rd investment programmes current spending, and we l view with deepest concern urther deterioration in the 's transport infrastructure. h deterioration, whether it n road or rail, could ly affect the nation's mic recovery: for example, quality communications our ports are essential pre- sites for a successful export ess.

king beyond the early of the next decade, invest- decisions made now will the quality of life and the 's supply of scarce energy rces up to and beyond the 2000.

he end the balance between eting programme for these

There are bound to be tensions which arise between the various modes of transport public and private, within a competitive mixed economy. These we believe might well be resolved more readily if we had the benefit of an Economic Development Council for surface transport, related to the industrial strategy work of the National Economic Development Office. This would link transport where it belongs in the heart of the wealth creating process of the country. Most operators are in agreement with this approach and indeed the Secretary of State is reviewing the whole situation.

The transport industry must be seen as a whole, vital to the nation's industrial development. In writing this letter together, we want to demonstrate our paramount and shared concern, steel and rubber wheel within the industry. We are not simply concerned with our comparative claims on resources within the industry, but with decisions on investment strategy to provide the right framework for each transport mode to make the most of what it can offer.

A. P. de Boer.
British Road Federation,
26 Manchester Square, W1.
(Sir) Peter Parker.
British Railways Board,
222, Marylebone Road, NW1.

A need for strategy

From the president, the British Transport Officers' Guild.

Sir,—The Greater London Transport report of October 12 that the 120-mile M25 London orbital motorway "could prove a mixed blessing unless roads inside London are improved" is no surprise to anyone who thinks about the total transport situation and the inter-relationships that inevitably arise between and within the various transport modes. The report adds that "the motorway will increase the need for a £500m road improvement programme which the GLC wants completed by 1983."

This view has been enthusiastically supported by the chairman of the London Chamber of Commerce and Industry, who states in his letter of October 20 that his association "recognises the danger that the M25 might attract industry and commerce away from inner London which is why it must not be built in isolation."

While a scheme of this scope and considerable cost could achieve its objectives, it could easily generate more traffic and result in no net reduction in traffic congestion. On the other hand, if the vehicle licensing system is changed and becomes part of an arrangement for increased petrol tax—thereby increasing the perceived cost of motoring—traffic flows could decline and thus make the scheme uneconomic.

This report on the scheme seems to confirm, yet again, the overriding need to consider seriously total transport strategy, not only in Greater London. The guild is sure that Mr. Gordon Ridley, GLC director of planning and transportation, will find his quoted remit of "supervising improvement of the road system" having to broaden into an examination of the best ways to integrate the advantages of the different transport modes, if the "mixed blessings" of the M25 are to be avoided.

Henry Haydon.
Room 307, West Side Offices,
Kings Cross Station, N.1.

Productivity in coal

From the Leader, Greater London Council.

Sir,—You report (October 25) the Government's claims that productivity in the nationalised coal industry is an improvement on that for the time last year.

It is pertinent to ask whether it also shows an improvement over 1974—before or after the miners' 30 per cent pay increase: and whether it is gaining or losing ground on our competitors' productivity.

I strongly suspect that all we have really seen is an improvement in the miners' pay, hours and conditions: no-one could deny that these were long overdue but where is the quid pro quo?

Horace Cutler.
County Hall, SE1.

Energy costs

From the Chairman, CHP Group Consultants

Sir,—The letter from Mr. N. Jenkins on the 20th October, refers to the Hereford proposals for combined heat and power (CH&P) and the investment-free benefits to industry. If such proposals can be implemented in a country town such as Hereford, one naturally inquires why such proposals have not so far been undertaken on a much larger scale in the intensively industrial areas of this country.

For industry to be relieved of millions of pounds of energy investment means that much more capital will then be available for investment in the product itself, for plant renewal, for increasing production and employment, and for circulating more money in the machine tool and factory equipment fields.

The resultant increase in efficiency of heat conversion from the current average of 30 per cent in power stations to 76 per cent must surely be a factor which neither the Government nor the Opposition will be able to ignore for long. By the time that action is taken to design and construct the plant to take advantage of this form of technology on a substantial scale, the country's North Sea gas and oil reserves will already be diminishing. If we must then revert to the use of coal as the major source of energy, it will be even more vital than ever before to burn it efficiently and without pollution — a method ideally suited to combined heat and power.

S. Jewsbury.
1, Brazennose St.,
Manchester M2 5EJ.

apital programme for regenerating London

the Leader of the ation, Greater London il.

— In reply to Mr. Cutler's (October 25) I hope you allow me the opportunity oint out the facts and aside all those red her- the Tory leader has put e us. As I stressed in a t to the council on April 978 — the commitment of abour Government to the eration of London's inner clear. The threat to inner n posed by any future Government is real. The city policy of the Tory er London Council is a

ce May 1977 the Conserva- Party at County Hall has t to justify every twist and n policy as its commitment e inner city. They blame abour Government for fail- recognise London's prob- when in reality, it is the e of their own ideas.

main thrust of Labour's city policies has always to redeploy resources n the main spending pro- mes of the public sector. this does not just mean ng around existing re- es: Under the Labour Gov- ent, London's share of the support grant (needs nt) has grown from 13.9 ent in 1973-74 to 21.6 per in 1978-79. The urban aid amme was started by ir in 1968 modestly with an tion of £36m. It remained at level during the follow- Conservative Government and, of course, there were no pleas from a Tory GLC to increase London's share of the resources.

Another major government programme of benefit to inner London is the housing investment programme (HIP). The Government has increased the national total of this capital allocation by £100m for 1978-79, of which inner London receives £20m — this is quite apart from the Government's HIP allocation to the GLC in 1978-79 amounting to £213m.

It is important to make clear that the greater part of the Tory GLC programme in inner London is actually paid for by the Labour Government's allocation of national resources. Of the £1.5bn the Tory GLC intends to spend on inner London over the next five years, only 20 per cent will be contributed by the GLC. The Government will contribute 46.7 per cent while industrial / commercial rents and loan repayments make up the balance. How can these be examples of lack of encouragement?

The Tory GLC's inner city programmes are an irrelevance. Its capital programme for the physical improvement of inner London (excluding expenditure on loans and the Thames barrier) represents a standstill budget. Its already restricted house-building programme will be more than halved within three years.

The Conservative Party poses a real and serious threat to London's inner city areas; its demands for large cuts in public spending jeopardise all major sources of finance for inner city regeneration; its complaints that the rural-shire counties have suffered by rate support grant shifts imply that resources will be shifted from London.

If such policies prevailed, they would be responsible for "choking London to death."

(Sir) Reg Goodwin.
Room 133, County Hall, SE1.

Distribution of industry

From Mr. M. Newble.

Sir, — While travelling to London on October 25 I was amused to learn that I belong to a part of the country where we are referred to as a part of Mafia which is the North East. I am sorry to learn that the Leader of Greater London Council holds this impression, but on behalf of the other so-called members of the North-East Mafia I beg to differ.

On returning to the North East in the evening I had occasion to peruse two London evening newspapers and was intrigued with the many thousands of jobs lying vacant. In Sunderland we have no jobs to offer because of the bad distribution of industry, so surely Mr. Cutler cannot be annoyed if the government does put the "screws" on at times because, after all, if we consume, why shouldn't we manufacture and distribute?

M. Newble,
34-37, Silksworth Row,
Sunderland.

Commitment to metrication

From the Director, Metrication Board

Sir,—Mr. Pearce (October 21) asked whether it was too late to go back on the UK's commitment to metrication. The answer is "Yes."

Among others, the following sectors of our economy are irrevocably committed to the use of metric measurements and some are wholly converted:—agriculture, horticulture, fisheries, defence equipment, postal and telephone services, freight, customs tariff export documentation, maps and charts, education, the health service, packeted foodstuffs, construction, manufacturing industry, fuel and power (except for retail sales of gas and petrol) and industrial material.

Virtually the whole of our international trade is with countries which are either metric already or are changing to metric.

The need for the completion of the changeover is greater than it has ever been.

F. Lacey,
22, Kingsway,
London WC2B 6LE

Today's Events

GENERAL

Mr. Denis Healey, Chancellor of the Exchequer, meets delegation from Trades Union Congress at Downing Street working dinner to discuss pay and inflation.

Further talks on the increased pay offer by Ford Motor to its 57,000 striking workers.

Deputation from Labour Party National Executive Committee meets Dr. David Owen, Foreign Secretary, and Mr. Michael Foot, Lord President, to seek postponement of European Parliament elections—they will also discuss funds for the elections.

Reverend Ndabaningi Sithole and Bishop Abel Muzorewa, members of Rhodesia's ruling executive council on visit to the UK—talks expected with Dr. David Owen.

Humber Bridge Authority meets Mr. William Rodgers, Transport Secretary, to explain refusal to pay £1m in progress payments to bridge builder on grounds of poor production.

Mr. Len Murray, TUC general secretary, at National Union of Townswomen's Guilds conference on multi-racial society, YMCA, Great Russell Street, London.

Second day of Agriculture Ministers meeting, Luxembourg.

President Jose Lopez Portillo of Mexico in Japan on official visit

Mr. Pierre Trudeau, Prime Minister of Canada, continues talks in Ottowa with provincial leaders on constitutional reform.

OFFICIAL STATISTICS

Confederation of British Industry Trends Survey for October.

COMPANY RESULTS

Final dividends: Audio Fidelity. Hensher (Furniture Trades). J. Hepworth and Son. Linread. London Entertainments. William Low and Co. North Atlantic Securities Corporation. Interim dividends: Avana Group. Bambers Stores. John Beales Associated Companies. Graig Shipping. Polymark International. Reed International. Interim figures: British Northrop.

COMPANY MEETINGS

Assam Frontier Tea, 19, Leadenhall Street, EC, 12. Esperanza Trade and Transport, Winchester House, EC, 10.30. Jantar, 7, Lincoln's Inn Fields, W, 12. Kennedy Smale, 153, Parker Drive, Leicester, 2.30. Ramar Textiles, Hyde Park Hotel, SW, 12. Saville Gordon (J.) Group, Midland Hotel, Birmingham, 12.

COMPANY NEWS

Decca chief warns of reduced profit

SIR EDWARD LEWIS, chairman of Decca, warned shareholders at yesterday's annual meeting that group profits will be below last year's level of £12.3m pre-tax. Decca's ordinary shares fell sharply by 20p to 440p, while the "A" shares dropped 22p to 418p.

Although Sir Edward expected the overall results for consumer goods for the first half to be comparable with those of last year, he stressed that Decca had suffered from severe industrial action which had affected production in "important sections of our navigator and radar companies. This action has resulted in substantial loss of output and will appreciably reduce group profits for the first half of the year to September."

Moreover, depressed conditions in the tanker and merchant marine markets will reduce profits on marine radar for the current year. "Taking this into account and the effects of industrial action, higher operating costs, increased interest charges and the continued strength of sterling, we must anticipate that group profits for the year will be below last year's level," concluded Sir Edward.

Reviewing the group's trading activities in detail, Sir Edward said there was consistent improvement in the group's position as a supplier of defence equipment to the British and overseas Governments. Existing orders for defence equipment exceeded £80m with further major contracts "in prospect."

Decca's orders in hand on the radar side include an extension of the Scapa Flow system, the new system for the port of Tripoli and an automatic data processing system for the radar equipment supplied two years ago to the Channel Navigation Information Service.

The group also plans shortly to commence a manufacturing programme for the tracked vehicle version of the Rapier Missile under a major contract for Iran.

Meanwhile the Survey group activities, providing survey services to the oil industry, which incurred a loss in the last financial year, have been turned round into profit in the current year. During the current year the survey group has achieved greater penetration into naval markets. "The first six months have been profitable and we expect this to be true for the year as a whole," said Sir Edward.

On the television side the manufacture of colour sets has now been concentrated at Bridgnorth "where the one factory is able to produce as many units as were previously produced by two." In the last financial year the television interests made a small loss compared with a small profit in 1976-77.

See Lex

INDEX TO COMPANY HIGHLIGHTS

Freddie Mansfield

Sir Edward Lewis, chairman of Decca . . . group has been severely affected by industrial action.

Second half downturn leaves M Y Dart behind at £1.56m

A SECOND HALF profit fall from £942,000 to £818,000 left pre-tax profits of MY Dart down at £1.56m for the year to July 1, 1978 against the previous £1.68m. Turnover for the whole period was ahead at £14.50m compared with £12.63m.

Mr. S. Marks, the chairman, states that the first quarter of the current year has begun well and most of the group companies are up to or somewhat ahead of their profit targets. Unexpected events notwithstanding, he views that 1978-79 year with confidence.

After tax of £423,000 (£302,000), split as to the year's charge £348,000 (£302,000) and a £75,000 reserve for deferred tax, against possible future clawbacks of stock relief, earnings are shown as 9.12p (10.79p) per 10p share.

The dividend is stepped up to 2.4321p (2.174p) net with a final of 1.4321p. Also announced is a scrip issue of ordinary and newly created deferred shares on the basis of one ordinary and one deferred share for every 10 ordinary shares held.

Deferred shares will not rank for dividend before 1989 but they will have voting rights: application will be made to the Stock Exchange for the shares to be admitted to the Official List. If the proposals are approved, dealing in the new shares are expected to start on January 2, 1979.

Mr. Marks says that during the past very difficult trading year, foundations have been laid for the future increasing prosperity of the group.

A manufacturing unit in America, has been established, and the directors have acquired the old-established business of Dawes Cycles. And by the injection of new capital and other changes a much-improved order book and volume of production, has been achieved. Investment to increase the capacity of the packaging companies has been on a substantial scale, he adds.

The expenses attendant on all of the foregoing are charges against the profits of the year and the planned benefits are not reflected in the results now reported.

The company's share of the profit of its overseas associate are not included in the year's results, and were: pre-tax profit £76,000 (£22,000) subject to tax of £43,000 (£14,000).

● comment

M.Y. Dart has turned in a disappointing performance, with profits showing a six per cent downturn for the year. On top of unfavourable currency movements there has been certain investment costs to bear, which between them must have amounted to around £100,000. Excluding these, profits are still only similar to the previous year, reflecting the difficult trading conditions in all divisions. However, trading in the current year has improved somewhat and the company should start to reap the benefits of its expansion programme, both at home and in the U.S. Dawes, the new acquisition, is now trading profitably and the company is planning to expand production to cope with the increased demand for bicycles. The shares, at 59p (down 2p), are on a p/e of 6.3 while the yield is just over six per cent.

Talks on BAC compensation to end soon

Compensation for the nationalisation of British Aircraft Corporation is likely to be agreed by the end of this year, said the stockholder's representative Mr. Peter Grant yesterday. "We are getting somewhere near the end of this long drawn out business. We have covered most of the ground," he said.

The last scheduled meeting between the stockholders' representative and the Department of Industry was postponed about 10 days ago. But Mr. Grant anticipated that the matter could be resolved in the next month to six weeks. "By then we will either have agreed a figure or have decided to go to arbitration."

Melville Dundas recovers slightly

FOLLOWING A slump from a peak £1.26m to £671,000 in 1977 pre-tax profits of Melville, Dundas and Whitson recovered slightly from £295,000 to £347,000 for the first half of 1978.

Mr. H. A. Whitson, chairman states that although turnover was ahead from a low £8.9m to £12.6m, it remains difficult to obtain new work at realistic prices, despite a reasonable flow of inquiries. He says these trends should continue to the end of the year and that, thereafter, any return to former levels of profitability may well be both slow and uncertain.

Tax for the period took £182,000 against £156,000 leaving the attributable balance up at £165,000 (£139,000). The net interim dividend is increased to 1p (0.8935p) per 25p share—last year's final payment was 1.8032p.

The group's subsidiary activities of development and private housing continue to grow, the chairman adds, and are making a valuable contribution, both to turnover and profits.

MD leaving Turriff

Mr. Peter Wormald is leaving Turriff Corporation, the Warwick-based construction group, on December 31 after six years as managing director. But no reasons were given yesterday by the company.

Mr. Peter Taylor, group financial director, said that Mr. Wormald had not reached retiring age, but Mr. Taylor declined to comment on the background to the move. Mr. Wormald's place will be taken on January 1, by Mr. Melvyn Greenburg.

Another Board change was announced by Turriff. Mr. Richard Lewis, the non-executive deputy chairman retires on December 31 and is succeeded by Mr. Tony Brown.

Yorkshire Spinners to top £0.1m

STRUCK AFTER losses amounting to £20,525 against £26,933 from its former subsidiary Dauntcroft, Yorkshire Fine Woollen Spinners reports a pre-tax profit of £16,898 for the first half of 1978, compared with £23,540 deficit in last year's same period.

The directors forecast that full year group profits should be in excess of £100,000, against £17,000 in 1977.

Trading conditions are still difficult for the group's remaining dyeing and finishing operation at Alan Thornton and Sons. However, with the more streamlined organisation it is again contributing to group profits, they say.

In the 1978 half-year, group UK turnover fell from £1,565,543 to £1,507,881 and exports from £705,030 to £541,739. Trading profits of continuing businesses were higher at £37,423 against £3,393.

Haggas profits up—back to talks with Dawson

FOLLOWING THE publication yesterday of the first quarter figures from John Haggas, showing profits ahead from £644,000 to £827,000, it was announced that merger discussions between the group and Dawson International would be started as soon as possible.

Mr. Alan Smith, chairman of Dawson, said: "We have certainly not lost our interest in John Haggas." However, he stressed that the terms would have to be different from those negotiated previously.

"They must be renegotiated. Circumstances are entirely different," he declared.

The planned merger between Haggas and Dawson was interrupted when William Baird, the largest single shareholder in Dawson, made a bid for the latter. In yesterday's statement containing its quarter figures and forecasting a record profit for the year, Haggas said that throughout the Baird/Dawson bid battle it had remained in close touch with the Dawson Board on the same friendly basis which has been a feature of all the discussions, and "we have every reason to believe that we shall be discussing merger terms in the very near future."

In the quarter ended September 30, 1978, Haggas experienced a marginal decline in profits from spinning, but this was then made up by a better performance in fur fabrics and knitting, and increased investment income.

While many areas of spinning business have been buoyant, the demand for certain types of weaving yarns has been weak, and this has necessitated some orders being taken at reduced margins. A marked improvement is not expected immediately, but the Board is not unduly pessimistic. The trouser making division is exceptionally busy, and should increase its profit contribution.

A splendid start has been made by the knitting division. With the prospect of a slow down in imports due to the MFA agreement, coupled with high UK consumer spending, "we are optimistic about the continued improvement of the fortunes of this area of our business."

The fur fabric side has been the star performer, and the indications are that strong demand will continue throughout the year. The one factory which has contributed little to profits last year is showing signs of improved sales and profits.

While variable trading conditions are being experienced, the spread of business is now such that Haggas is not heavily dependent on any one area, and with UK consumer spending remaining buoyant," we are optimistic that profits for the year will be another record."

A further portion of agricultural land has been sold at a figure "exceeding our best hopes," and negotiations are on to sell the remainder.

	First quarter 1978 £000	1977 £000
Sales	5,546	4,145
Spinning	2,776	2,343
Knitting	1,268	500
Fur fabric	1,504	1,102
Profit before tax	827	644
Spinning	291	314
Knitting	83	27
Fur fabric	197	123
Investment income	256	180

See Lex

An interim dividend of 1.25p net has already been announced, for payment on November 17. In the year 1977-78, the company paid a total of 3.4p from taxed revenue of £1.09m.

Increase for London and Provincial

For the six months ended September 30, 1978, London & Provincial Trust has shown progress. Gross revenue has risen from £998,083 to £1,085,924, while net revenue has come out £64,533 higher at £628,741. The tax charge was £392,210 against £372,868.

At September 30, the net asset value stood at 160p per 25p share, compared with 143p a year earlier.

Photo-Me's base for expansion

FUTURE PLANS at Photo-Me International will include additions to existing operations and new ventures will be opened up in other well populated countries, says the chairman, Mr. E. F. Weston, in his annual statement.

The activities of the foreign distributors are also growing, which in turn means that the order book for machines will expand.

"Altogether the balance sheet presents a stronger position than ever before and establishes a solid base for further expansion." the chairman states.

He tells members that apart from those factors and the as yet unknown potential for recently developed equipment, the tide of demand for the group's photographs continues to rise and, as it does, will lead to further growth in turnover and, it is hoped, in profit as well.

The trend to colour photography has continued and of the £1.78m invested in fixed assets in 1977-78 some £1.3m went on additional vending machines. As they were sited during the course of the year the benefit from them was not for the full term.

In the year ended April 30, 1978, turnover rose by almost 20 per cent to some £20m, with all sections contributing to the advance. Profits were up from £2.02m to £2.23m, as stated on October 13 with the 6.03p (3.96p) dividend.

Receiver goes in at Rakusen

LEEDS-BASED Rakusen Group, whose shares were suspended late in August pending clarification of the company's position, announced yesterday that Mr. W. G. Mackay of Whinney Murray and Co. had been appointed receiver and manager.

A spokesman for Mr. Mackay said: "The company is continuing to trade while we are investigating the present situation." The directors of the company, which manufactures specialist foods for the Jewish community, were not available for comment.

Rakusen's shares were suspended shortly after the company announced a downturn in profits from £25,800 to £10,300 for the half-year to December 31, 1977. In 1976-77 Rakusen turned in profits of £27,828, compared with a loss of £178,248 the previous year.

No dividends have been paid since 1973-74.

In June this year the directors announced that no decision had yet been made regarding the company's claim against Leeds District Council for compensation on account of a new road outside the Meanwood Road factory. Earlier, they said that until the claim was settled, the company's financial resources would continue to be stretched.

Rakusen, having acquired Bonns about three years, is the only major UK manufacturer of Matzos, an unleaven bread used during the Passover period. Northern Foods has a 20.21 per cent stake in the company.

Scottish Ontario makes headway

Total income of Scottish Ontario Investment Co. improved from £559,570 to £612,090 in the six months to September 30, 1978.

After deducting interest of £39,641 (£34,444), management expenses of £39,823 (£29,924) and tax of £204,426 (£200,370) the attributable balance rose from £295,977 to £319,345.

Earnings per 25p share are shown to have risen from 1.07p to 1.16p and the net interim dividend is effectively raised from 0.625p to 0.75p. It is intended to pay a final dividend of not less than 1.425p, making a total 2.175p (2.05p adjusted).

At September 30 the net asset value per share after deducting prior charges at par was 94p (84p) and at market value 95p (85p).

GARTONS LOAN

Gartons, the agricultural seedsmen, is taking out a 10-year loan of £100,000 from ICFC to finance working capital requirements. As a condition for the loan, ICFC will hold a five-year option to purchase 300,000 shares in Gartons at par (10p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Blackwood Morton	0.63	Jan. 31	Nil	0.63	0.81
Melville Dundas ......int.	1	Jan. 8	0.89	—	2.7
M.Y. Dart	1.43	Jan. 2	1.27	2.43	2.17
Scottish Heritable ......int.	0.48	—	*0.43	—	*0.89

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

BMK hit by Canadian loss and redundancy costs

CTING THE cost of lancy payments together sses from its Canadian sub- Blackwood, Morton and Holdings), the carpet, felt, rn and towel group, reports deficit of £480,415 for the nded June 30, 1978, com- with a £173,063 profit last

he pre-tax level, there was of £304,958 (£244,537 profit) ich £221,000 (£22,000) was ed in Canada. At half-way, npany reported a turnround a £504,489 surplus to a 0 deficit.

t for the year fell from n to £24.77m. The direc- eport that the anticipated e in home sales did not alise until June and was by a decline in exports. ever, the improvement in sales has continued during rst three months of the t year, they add.

al loss per 25p share was gainst earnings of 2.3p. A ividend of 0.625p net com- with last year's single of 0.8125p.

loss for the year was struck depreciation of £452,489 00) and £124,686 (£425,741) nterest. There was a tax of £70,068 against a £37,249 and extraordinary debits 251,345 (£14,207).

amount of £530,415 was rred from reserves (£105,082 erves) after dividends cost- 3,000 (£65,000).

relief for tax purposes is de in respect of the loss nada and the credit from d tax account is thus lower ight be expected, the direc- oint out.

ddition to the element to UK redundancy pay- resulting from rationalisa- the group's labour force, dinary debits include an sed conversion deficit on of net current assets of s subsidiaries and costs d prior to March 31, 1978, out of the closure of the an business after that date.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Usana, Bambers Stores, John Evans, Redd-Fit Clares and Exhausts, Lake View Investment Trust, Polymark International, Reed International.

Finals—Anita [illegible], Border and Southern Stockholders Trust, Hensher (Furniture Trades), J. Hepworth, Lubread, London Entertainments, William Low, North Atlantic Securities Corporation.

FUTURE DATES

Interims—

Anglo [illegible]	Nov. 7
Associated British Foods	Nov. 2
[illegible]	Nov. 1[illegible]
Cattle [illegible] (George M.)	Nov. 2
[illegible]	Nov. 7
[illegible]	Nov. 2[illegible]
[illegible]	Dec. [illegible]
[illegible]	Nov. [illegible]
Henderson (P. C.)	Nov. [illegible]
Menzies (John)	Nov. [illegible]
Parker and Chadburn	Nov. 9
Precious Holding and Inv. Trust	Dec. 11
Scottish [illegible]	Nov. 14
Whitbread	Nov. 7

Finals—

[illegible]	Dec. 14
General Manufacturing & Trading	Nov. [illegible]
[illegible] Gear Cas	Nov. [illegible]

Comment

been a difficult year for manufacturers, and Black- troubled by a loss-making an operation which it shut down last May, has the going particularly Its UK carpet operations a marginal profit in the half, but it was not enough et the overseas losses. The UK problems seem to be overcapacity due to lack of demand and fierce price competition that has knocked industry margins from around 5 per cent a few years ago to something less than 1 per cent on sales in the past 12 months. With such fine margins, any increase in costs can turn a small profit into a small loss. For example, Blackwood has a wages bill of around £8m. If the 5 per cent guidelines hold, wage increases will add £400,000 to costs. The balance is delicate and the prospects for demand growth not particularly bright. Unchanged at 25p yesterday the shares yield 3.6 per cent.

dend is lifted from 1.1p to 1.25p net per 25p share — in 1977-78, payments totalled 3.6p from £817,000 net revenue.

Net asset value at the half-year is shown at 169p (150p) per share.

Scottish Heritable advances

AN ADVANCE of £148,200 to £400,800 in the first half 1978 pre-tax profits is reported by Scottish Heritable Trust and the directors state that with progress continuing the second half profit should exceed this level.

The first half profit includes a contribution of £56,400 from the associate while the comparative figure includes £53,800 from the plant division which was sold on December 7, 1977.

Turnover in the half year amounted to £8.54m against £6.16m. After tax of £62,800 (£87,800) and minorities of £41,200 (nil) earnings per 25p share are shown to be up from 2.62p to 4.82p.

On May 1 the company exercised its option to acquire further shares in Trans-Continental Carpets increasing the holding to 50.6 per cent.

The interim dividend is effectively raised from 0.433p to 0.476p —the total for 1977 was equal to 0.899p paid from profits of £567,000.

Midyear rise at London and Holyrood

After tax of £283,781 against £265,786, net revenue of London and Holyrood Trust advanced from £422,273 to £476,684 for the six months to September 30, 1978. Gross income was higher at £824,066 compared with £747,624.

As reported, the interim divi-

Dawnay Day expects less dramatic growth

HAVING REGAINED a level of profitability more commensurate with assets employed it would be unrealistic to expect another dramatic surge forward this year at Dawnay Day Group, merchant banker, says Mr. E. P. Hatchett, the chairman, in his annual statement.

The benefit from redeployment of the group's substantial cash resources will no doubt take some time to accrue and, temporarily at least, earnings will be held back to some extent by the high level of its liquidity, he states.

However, the chairman looks for results in 1979 that will justify the group continuing the recent increases in dividend.

As reported October 19, pre-tax profits more than doubled from £954,000 to £2,184,000 for the year ended June 30, 1978. Earnings per 25p share were 6.75p (2.76p) and the net dividend is lifted from 1p to 1.75p.

Net assets increased from some £11.6m to £13.1m.

"I can say with confidence this year that the group looks to the future from a position of greater strength than at any time in its history," Mr. Hatchett states.

In large measure the group has achieved the objective of rebuilding profitability, although at Target Life where special considerations apply, it may still be one or two years before any material benefit accrues, he adds.

The group now has a range of activities which are viable and capable of further growth, the chairman reports. Over the past two years, substantial cash resources have been generated within the group and, taking into account recent sales, the sum that can currently be set aside for new investment and development is about £5m.

The group will continue to support existing interests, but can now afford to broaden its horizon. In particular, both Dawnay Day and Co. and Dawnay Day Industries are actively seeking new investment opportunities.

Since the year-end, the group has sold two subsidiaries, namely Sainsbury's of Trowbridge and Mathews and Skailes, for an aggregate consideration of £2.31m, in cash.

A pro-forma group balance sheet based on 1977-78 accounts, excluding the net tangible assets of the two subsidiaries, but including the proceeds of realisation, shows a further £1.1m increase in net assets to £14.31m.

Proforma fixed assets stood at £4.66m (£5.17m as published) and net current assets at £7.8m (£8.68m). Stocks and work in progress were £3.67m (£5.6[illegible]m), trade and other debtors £[illegible]m (£8.79m), and balances at bankers and cash in hand £2.35m (£2.4[illegible]m). Creditors amounted to £[illegible]m (£6.07m) and loans and overdrafts £1.91m (£2.33m).

Prudential Assurance Company holds 19.5 per cent of the group's equity.

Meeting, Garrard House, EC, November 22, 11.30 am.

YORKGREEN

Yorkgreen Investments' rights issue has been taken up as to 86.32 per cent. The balance has been placed in the market.

At a meeting yesterday shareholders approved the acquisition of the 50 per cent of Interlite Linear Controls that the company does not already own.

Petrocon judgement

Mr. Peter Hodgson, chairman of Petrocon Group, has written to shareholders regarding judgements against the company and its subsidiary, Offshore Drilling Supplies.

He says the net impact on Petrocon of the total of the judgement and costs of £564,500 is currently equivalent to 9.6p per share. But this could be effectively reduced to 4.6p on the basis that such sum is wholly allowed for corporation tax at 52 per cent against profits of the Petrocon group.

On the 18th of this month in the District Court of Harris County, Texas, U.S., judgement was given in the amount of US$1,113,000 against the subsidiary and Petrocon. The award is equivalent to £556,500 (at $2 to £), which, together with legal and court costs to date of £34,000 constitutes a total liability, after provisions already made, of £564,500.

Petrocon has given instructions to make application for a new trial and also to appeal against the decision. Should these prove unsuccessful and the judgements stand, then, on the basis of current information, it is expected that the judgement sums will be treated within the Petrocon group as expenditure for corporation tax purposes.

5 companies wound-up

rs for the compulsory g-up of 85 limited com- were made by Mr. Justice man in the High Court on y.

were:—

ma, (Engineering Develop-), Tsangaras and Zouloumis. as (London), McGuire Con- 's, Indoben and The House idel.

Chairs, Parhurst (Modular Tools), G.S.I. Graphic es International, BJW rs, Choice Investments, urt, Finchavel and Hiborne

bill, Lendvay and Partners, egory (Transport), Monty ties, N. and J. Sowerby, , and Rouncrest Insurance s.

ld Labelling Systems, tems Taskmaster, Bromley s. S. Alderson and Co. Lewis and Partners and Weston Minerals.

lene, Kinky Klothes of by Street, Coundon Motor ny, Glen R. Russell ers), Pirie Piper and Tartan rs.

glen, Liverpool Hardware es, Denvalley, Galcor, lt and Plaitmead.

epoint, Crossroads (Brox-), Kneeton Properties, Lang ties (Plymouth), Match tters and Sage Develop- Leicester).

ples Engineering Company er Bridge), Brenda Ring , A.F.H. Contractors, Bells ng Services, Crewe School oring (Commercial Section) elsea Village.

Applied Instrument and ering Company, Evhan Pro- . Marysgate Workshops, oods Transport (London), Scaffolding Services and Cycles.

Norman Collins, Palwall Construction, Branshire, Jade House Restaurant, George Henderson Engineering, Milverton Plant Hire and Invers Properties (Fulham).

Aarron Building and Services, L.M.W. Consultants, Harvest Hill Development Company, Claircolor Laboratories, Milk Refrigeration Services and Minestead Catering.

M. J. Hobson (Fabrics), Sam-Sam (London), Life Helmets (UK), Chalymeau, J. R. Easton and Manvine (Holdings).

Rial-Meats Eascoat, Master Bowman Products, Mid-Essex Landscapes, Tolisberry and Thel Place.

Veetglade, Allwood Furniture Products, The White Islands Club and P. O'Neill and Sons.

Kitchen Queen offer for sale

The prospectus for Kitchen Queen's offer for sale is expected to be published on Friday, November 10.

Manchester-based stockbrokers Halliday Simpson are bringing Kitchen Queen to the market with an offer to the public of a quarter of the equity raising around £1.8m for existing shareholders.

The company, which is a furniture retailer and manufacturer, will be forecasting profits of over £1½m pre-tax on sales above £15m.

Prior to the offer, Mr. Neville Johnson, who founded the company, and his family control 75 per cent of Kitchen Queen. Industrial and Commercial Finance Corporation owns 10.8 per cent, and other directors own the balance. All the existing holders will be reducing their holdings by a quarter for the offer.

MINING NEWS

Botswana's policy in throes of change

BY PAUL CHEESERIGHT

THE GOVERNMENT of Botswana is shifting the emphasis of its mineral development policy, which hitherto has been mainly geared to gaining revenue for development purposes.

During a visit to London, Dr. G. K. T. Chiepe, the Minister of Mineral Resources and Water Affairs, explains that a policy review is in progress and that the Government is beginning to think of mineral development more in terms of employment opportunities.

Revenue would not be the only determinant in assessing the value of mineral projects, Dr. Chiepe explained. Where possible the Government would expect mining companies to offer local employment opportunities, to the extent that this does not affect their potential revenue.

Dr. Chiepe is in London studying the international diamond market and seeing locally-based mining groups as part of an effort to encourage the setting up of exploration ventures.

Through the De Beers mines at Orapa and Jwaneng, Botswana's importance as a diamond producer is increasing, but the industry does not provide much local employment. Partly to rectify this and partly to seek added value for the rough stones, the Government is contemplating the possibility of a small diamond processing industry.

"We are looking at applications for a cutting and polishing industry," said Dr. Chiepe.

As far as exploration ventures are concerned, Dr. Chiepe stressed the Government's intention to adopt a flexible approach. She is urging companies to come and see for themselves and to discuss the working of the Mines and Minerals Act.

Basic information on the geological structure of Botswana is now becoming available. In November the Department of Geological Survey will publish the detailed interpretations of an air-borne magnetic survey carried out with the help of Canadian agencies. The raw material from the survey has been available for about a year.

A synopsis of the interpretation was published earlier this month and notes that the Kalahari Desert, which occupies some 80 per cent of the country's land surface, has been virtually untouched by prospecting: "It represents one of the last remaining geologically unexplored regions in the Southern Africa sub-continent."

One reason for Dr. Chiepe's London talks is the Botswana Government's feeling that it is desirable to diversify sources of minerals investment. At present the existing diamonds and coal industries are based on the Anglo American-De Beers group of companies. "We don't want to put all the mineral eggs in one basket," Dr. Chiepe said.

In fact, a lengthening list of international companies is involved in Botswana. They include **Preussag**, **Shell** and **Urangesellschaft** from Europe and **Amax**, **Falconbridge** and **Union Carbide** from the U.S.

At present exploration for uranium is the most active sector and is considered by the Government as at the top of the list for a commercial discovery sometime in the next three or four years.

One of the great difficulties, however, is the lack of a developed transport system. But the Government does not rule out paying for infrastructure as an aid to mineral projects, and it could be that an expansion of mineral exploration and the opening up of the country will go hand in hand. Certainly the Government appreciates that it is likely to have a mineral-led economy.

Canadians need new tax deal

A PLEA for a new Canadian mining tax structure, geared to the ability of the industry to compete successfully in future international markets, has been made by Mr. John Bonus, managing director of the Mining Association of Canada.

Speaking at the Sixth Northern Resources Conference in Whitehorse, Mr. Bonus commented: "If we are to remain competitive as an industry, governments may have little option other than to discard their philosophy of maximising revenues through direct taxation."

He pointed out that at present Canadian mining "faced a bewildering array of taxation across 11 separate jurisdictions. The main characteristic of this diverse tax structure is a lack of federal-provincial agreement on resource taxation policy."

The mining industry has called for levels in line with other sectors: initially a "ceiling" rate of 50 per cent; federal-provincial agreement to establish a uniform definition of taxable mining income; and, ultimately, a combined federal-provincial tax rate not exceeding 45 per cent net of resource allowance.

Ironically, the latest batch of Canadian mining company results includes nine months' figures from the **Rio Tinto-Zinc** group's **Rio Algom** which have benefitted from special tax factors. Consolidated net earnings for the period amount to C$42.4m (£17.8m), or C$3.10 per share, compared with C$34.3m in the first nine months of last year.

The major part of the improvement stems from lower tax charges. They reflect reduced mining taxes following a fall in uranium taxable profits; increased federal investment tax credits in line with major capital expenditure, primarily at Elliot Lake; and an inventory allowance for income tax purposes.

Apart from the tax considerations, higher earnings were achieved at the group's **Atlas Steels** division and at the 68.1 per cent-owned **Lornex** copper-molybdenum mine in British Columbia. Rio Algom is declaring a dividend of 75 cents following a first-half payment of 54 cents.

From the gold and copper-producing **Campbell Chibougamau Mines** in Quebec comes news of a first quarter profit of C$342,000 which compares with a loss of C$409,000 in the same period of last year. The turn-round reflects increased production of gold and higher prices for the precious metal coupled with better prices received for copper.

Vancouver's **Placer Development**, in which Noranda is the major shareholder, has lifted nine months' earnings to C$17.6m, or C$1.46 per share, from C$15.6m in the first nine months of 1977.

Placer has been helped by the good performance of its 40 per cent-owned **Marcopper** operation in the Philippines which is enjoying increased sales of copper and higher gold prices. But losses are being incurred at Placer's 72 per cent-owned **Gibraltar Mines** copper producer in British Columbia which has been on strike since May 26.

Kerr Addison Mines attributes a decline in its nine-month profit from operations primarily to the reduced operating level at **Mogul of Ireland**. New income from operations was C$4.7m against C$5.5m in the same period of last year. The overall profit, including gains on sales of investments and assets, was C$6.8m, or 72 cents per share, against C$5.6m.

Profit contribution from the Kerr Addison gold mine was slightly below last year as higher gold prices and the increased premium on the U.S. dollar were not sufficient to offset the reduction in gold production to 63,500 ounces in 1978, compared with 80,900 ounces during the first nine months of 1977.

The improvement in the third-quarter operating profit to C$2.2m from C$878,000 in the second quarter and C$1.7m in the first quarter, was the result of higher zinc and lead prices, the weak Canadian dollar and consequent foreign currency translation gains.

Asbestos Corporation of Montreal announces net earnings for the first nine-months of C$9.6m, compared with C$15.1m in the same period of last year. The company says that fibre price increases averaging 8.5 per cent will become effective on January 1 and the increasing demand for asbestos cement fibre is expected to create a shortage situation by mid-1979.

MINING BRIEFS

MOUNT ISA—Production for the period September 25-October 22. Lead ore treated 201,188 tonnes produced 10,300 tonnes crude lead and 18,178 tonnes zinc concentrate: Copper ore treated 394,062 tonnes produced 11,010 tonnes blister copper.

ASSOCIATED MINERALS CONSOLIDATED—Production statistics:

	13 weeks to (tonnes) 29/9/78	(tonnes) 25/9/77
Rutile	34,371	19,872
Synthetic rutile	9,499	10,368
Ilmenite	81,358	56,149
Zircon	37,467	26,289
Monazite	—	617
Other	—	584

WITWATERSRAND NIGEL — Quarter ended September 30. Ore milled 71,000 tonnes (June quarter 61,700). Revenue R1,793,253 (R1,778,190). Costs R1902,162 (R1,655,167). Loss R70,909 (profit R134,322). State assistance R413,000 (R312,000). Cap. expenditure R98,019 (R151,822).

OMCO TESTS NEW SEA-BED MINER

Ocean Mining Company (OMCO) has started tests on a new mining system for manganese nodules on the ocean floor. Last weekend the Glomar Challenger put to sea from the Californian coast en route for an area 1,500 miles south east of Hawaii.

There, a mining device to gather the nodules from the ocean floor, 14,000-18,000 feet beneath the surface, and a piping system for the movement of the nodules to the surface, will be tested.

This is the first extensive deep water testing for the mining device since OMCO was formed in November 1977 by **Lockheed** and **Amoco Minerals** of the U.S. and **Billiton** and **Bos Kalis Westminster** of the Netherlands. Lockheed is the manager of the venture.

The nodules gathered will be used in process development tests at a small plant which OMCO plans to build in Hawaii. The Glomar Challenger will be at sea for 45 days.

Nodules suitable for commercial exploitation contain about 25 per cent manganese, 1.5 per cent nickel, 1.2 per cent copper and 0.2 per cent cobalt. But the sea-bed mining industry generally is currently marking time, unwilling to commit itself to major investment, pending a resolution of the international legal difficulties surrounding the control of the sea-bed outside the continental shelf.

ROUND-UP

The cost to **Anglo American Corporation** of bringing the **Afrikander Lease** uranium venture in the Klerksdorp area of South Africa to production by 1981 would be R150m (£80m) if construction started next year, Mr. Dennis Etheredge, the Afrikander chairman, told the annual meeting. But whether a decision is made to go ahead depends on the outcome of talks being held with the South African Government.

* * *

Commenting on the Australian Government's recent enunciation of an export pricing controls system for coal, iron ore and bauxite, Mr. Gordon Jackson, the general manager of **CSR**, said the statement seemed to reconfirm established principles rather than introduce new ones. He was glad that the Government would not become involved in commercial negotiations. "It appears that what is intended are consultation arrangements to make the present approach work better," he said.

Barratt well placed for further expansion

IN HIS annual statement, Mr. L. A. Barratt, the chairman of Barratt Developments expresses confidence that the company is well placed to achieve further expansion in the current year.

The company has made sound progress is continuing to build up its property investment portfolio and will shortly be commencing three further office developments which will have a value of £10m.

The commercial and industrial developments under construction at the present time will become income producing this year, Mr. Barratt states.

As reported on September 27, on turnover of £122.21m (£99.32m), pre-tax profits rose from £7.41m to a peak £11.17m for the June 30, 1978 year. Earnings per share were 37.4p (24.9p) and the dividend is lifted from 7.3250599p to 8.14p net.

A divisional breakdown of turnover and profit (in £'000) shows:—housebuilding £106,075 and £8,608, contracting and manufacturing £11,231 and 517 loss, land sales £775 and 287, property investment income £1,235 and £1,025, and residential investment property sales £2,791 and £1,348.

The growth in the company's property investment activities continued throughout the year with an increase in investment income of over 50 per cent. The rationalisation of its property investment portfolio continued with a consequent decline in residential rental income and a substantial rise in income from its new commercial and industrial developments.

At the year-end, the company had increased investment in land and work-in progress from £56m to £72m, while bank overdrafts were reduced from £19m to £17m leaving substantial available resources, the chairman reports.

The company was materially assisted in its cash requirements for expansion by last November's rights issue which produced £4.4m. Mr. Barratt says this cash has been fully invested in penetrating the house-building sector in the Midlands and the South of England and "this will greatly assist our future."

A statement of source and application of funds shows working capital had increased by £13.47m at the balance date, compared with the previous year's £2.76m.

At the year-end, group fixed assets stood at £3.02m (£[illegible]m), investment properties £[illegible]m (£10.88m), ground rents £[illegible]m (£1.48m) and net current assets rose from £28.25m to £40.1[illegible]m.

Meeting, Savoy Hotel, WC, November 22, noon.

BIDS AND DEALS

FERGUSON INDUSTRIAL

Ferguson Industrial Holdings has acquired W. D. Henderson and Sons, a Northern Ireland builders merchant for £85,000, which represents the net asset value of that company. The consideration has been satisfied by the issue of 28,200 F.I.H. shares with the balance in cash. The shares will not qualify for the interim dividend to be paid in January, 1979.

This acquisition will extend F.I.H.'s existing operations in Northern Ireland.

PREEDY BUYS MIDLAND SHARES

Alfred Preedy one of the contenders in the struggle for control of Midland Educational has bought 2,000 Midland shares in the market at 285p. Preedy's bid for Midland of £13m has already topped the bids from Pentos and Lonsdale Universal.

TRIDANT GROUP

In Saturday's bids and mergers table, the names of the bidders and the respective closing offer dates for Tridant Group Printers were transposed. The 100 p a share cash offer from Argus Press closes tomorrow, while the Starwest Investment bid of 85p cash per share closes on November 10.

NO PROBE

The Secretary of State for Prices and Consumer Protection has decided not to refer the proposed merger between Lex Service Group and Transfleet Services to the Monopolies Commission.

ASSOCIATES DEAL

Montague L. Meyer is associate of International Timber Corporation and on October [illegible] bought 50,000 International Timber ordinary shares at 130p. The total held is now 2,482,8[illegible] ordinary units.

ASSOC. TOOLING

Contracts have been exchanged for the sale by Associated Tooling of freehold property at Union Street, Luton, Beds, for £170,000 cash. As a result of this transaction the company should make a net surplus over book value of some £60,000.

The cash benefit to the company after repayment of the outstanding mortgage will be in the region of £125,000. The property has for some time been used by one of the group's subsidiaries for storage purposes which are no longer required and the sale will show a substantial saving on overhead expenditure.

Share stakes

Bestobell—Britannic Assurance Company has acquired a further 250,000 shares and now holds 1,225,000 shares (9.31 per cent).

Stoddard Holdings—Sir Robert A. Maclean's now beneficial interest has been reduced by sale of 55,000 ordinary shares on October 20 and sale of 21,000 "A" ordinary shares on October 24. These shares were disposed of by a trust whose sole trustee is Carruth Trustees (1971). Lady Maclean, wife of Sir Robert, is a director of Carruth.

Fodens—Norwich Union Life Insurance Society has decided to convert its 10 per cent convertible redemeeable preference shares into "A" ordinary shares at a ratio of four to one. Its preference holding amounts to 360,082 shares and the effective conversion date will be October 31. As a result of recent sales, Prudential Group now holds less than 5 per cent.

Cooper Industries—Mr. S. E. W. Cooper has sold 40,000 shares.

Alexander Howden Group—Mr. K. V. Grob, director, bought 50,000 shares at 143p and 15,000 at 144p yesterday.

A. Arenson (Holdings)—Miss H. B. Arenson holds 343,501 shares (7.4 per cent) and Mr. S. D. Arenson holds 338,500 shares (7.3 per cent). Miss and Mr. Arenson are the adult children of Mr. A. Arenson, chairman, and the shares they hold are the result of transfers to them over a period of time from Mr. Arenson, his wife and certain family trusts.

Guardian Royal Exchange Assurance—Mr. D. Horrocks, director of Broseley Property Holdings—subsidiary of GRE—sold 14,000 GRE shares on October 20.

Sterling Trust:—Post Office Superannuation Fund holds 775,000 ordinary shares (5.06 per cent).

North Atlantic Securities Corporation:—Post Office Staff Superannuation Fund is now interested in 1,395,000 ordinary shares (7.9 per cent), consequent upon the take-over of Investment Trust Corporation and the subsequent acquisition by the fund, on August 17 of 1m shares in North Atlantic Secs previously owned by ITC.

Associated Leisure:—Mr. R. P. Ashworth, a director, has sold 40,600 ordinary shares and now holds 125,000 ordinary shares.

MFI Furniture Centres:—Mr. N. A. V. Lister, a director, has purchased 10,000 shares.

Bunzl Pulp and Paper:—Mr. G. G. Bunzl and Mr. F. A. G. Shoenberg, director, have disposed of a non-beneficial interest of 75,000 ordinary shares from a joint holding.

NOTICE OF REDEMPTION

to Holders of

BARCLAYS BANK INTERNATIONAL LIMITED

8½% Capital Bonds 1986

NOTICE IS HEREBY GIVEN in satisfaction of the obligations imposed by Condition 5(A) of the Terms and Conditions applicable to the Bonds, the Bonds bearing the serial numbers listed below have been drawn in manner approved by the Trustee for redemption on 1st December 1978 at their principal amount.

00076	00303	00311	00433	00590	00599	00675	00702	00718	00743	00753	00755	00796	00810	00832	00907	00911	01021
01001	01251	01514	01603	01621	01622	01649	01800	01882	01941	02156	02265	02344	02357	02501	02569	02611	02622
02702	02728	02815	02839	02909	03062	03104	03109	03146	03196	03212	03330	03407	03521	03536	03614	03732	03830
03824	03960	04260	04289	04426	04508	04623	04671	04693	04699	04706	04711	04718	04920	04925	05052	05085	05163
05250	05288	05322	05323	05325	05338	05372	05456A	05492	05509	05515	05672	05749	05770	05774	05780	05796	05885
05897	05910	05925	06049	06068	06174	06243	06251	06256	06663	06751	06774	06798	06851	06863	06890	06922	07003
07044	07050	07067	07174	07345	07474	07666	07743	07781	07949	08155	08198	08232	08337	08348	08376	08487	08583
08707	08718	08775	08814	08861	08909	09059	09106	09107	09130	09165	09213	09218	09306	09316	09390	09395	09406
09423	09469	09504	09510	09536	09544	09550	09570	09582	09583	09587	09685	09702	09778	09790	09811	09840	09941
09948	09973	10050	10094	10128	10137	10152	10175	10184	10301	10314	10400	10435	10541	10576	10599	10631	10686
10694	10713	10757	10771	10778	10795	10882	10976	11027	11057	11144	11214	11240	11249	11280	11314	11350	11511
11527	11538	11552	11572	11635	11639	11718	11724	11739	11773	11821	11919	12122	12201	12223	12225	12268	12279
12296	12351	12446	12477	12494	12504	12525	12538	12613	12670	12726	12827	12919	12966	13083	13257	13303	13373
13463	13467	13474	13493	13570	13598	13635	13654	13725	13759	13810	13819	13848	13907	13967	13965	14128	14224
14255	14277	14280	14286	14399	14574	14593	14758	14762	14805	14870	14880	14947	14963	15073	15103	15172	15185
15209	15233	15336	15344	15379	15495	15548	15693	15701	15771	16002	16128	16231	16241	16381	16549	16706	16719
16826	16843	16867	16892	16955	17026	17096	17169	17181	17370	17421	17525	17530	17531	17534	17603	17606	17636
17651	17692	17725	17755	17801	17841	17859	17899	17904	17998	18057	18983	19023	19026	19297	19366	19490	19502
19565	19659	19713	19743	19789	19919	19925	19944	19953	20100	20106	20136	20157	20231	20313	20317	20332	20473
20568	20596	20858	20940	20967	20983	21022	21101	21122	21130	21139	21143	21187	21202	21222	21224	21252	21365
21436	21527	21589	21598	21652	21660	22212	22233	22347	22387	22461	22473	22547	22572	22602	22692	22731	22780
22823	22832	22841	23001	23021	23048	23111	23119	23128	23166	23252	23278	23297	23306	23349	23369	23429	23454
23456	23559	23579	23799	23805	23828	23889	23912	23920	23923	23960	24025	24032	24039	24063	24085	24110	24167
24214	24215	24221	24222	24223	24237	24239	24267	24310	24323	24382	24405	24429	24448	24455	24459	24477	24507
24580	24751	24849	24864	24913	24962	24976	24992	25006	25041	25045	25058	25064	25103	25106	25143	25166	25170
25188	25311	25333	25363	25434	25460	25521	25572	25579	25603	25642	25691	25717	25735	25746	25753	25761	25768
25787	25823	25834	26016	26029	26058	26127	26182	26189	26215	26277	26311	26354	26365	26372	26388	26397	26403
26405	26430	26459	26460	26462	26531	26545	26579	26594	26620	26639	26651	26656	26777	26793	26801	26822	26852
26936	26978	27085	27136	27173	27174	27215	27253	27309	27385	27387	27420	27427	27466	27473	27480	27496	27503
27506	27568	27571	27619	27646	27663	27713	27786	27793	27840	27843	27857	27878	27879	27887	27893	27896	27923
27930	27970	27978	27982	28096	28107	28176	28179	28181	28205	28311	28332	28347	28356	28435	28467	28496	28499
28511	28550	28554	28563	28578	28634	28673	28706	28724	28763	28790	28804	28845	28848	28879	28897	28903	28932
28992	29022	29045	29047	29070	29149	29362	29425	29442	29496	29499	29581	29602	29611	29633	29650	29723	29750
29756	29764	29790	29805	29823	29841	29856	29889	29895	29904	29943							

Bonds not listed above are not affected by this redemption.

Bonds drawn for redemption will become due and payable on 1st December 1978.

Payment of the Bonds drawn will be made upon presentation and surrender of such Bonds with Coupon No. 8 and subsequent coupons attached at the office of one of the Paying Agents or at the holders' option at Barclays Bank Limited, Securities Services Department, 54 Lombard Street, London E.C.3. Coupon No. 7 (due 1st December 1978) should be detached and encashed in the usual manner.

Interest on the Bonds drawn will cease on and after the 1st December 1978.

The following Bonds drawn for Redemption on 1st December 1977 have not yet been presented for payment.

Barclays Bank International Limited

8½% Capital Bonds 1986

Unpresented Bonds from the December 1 1977 Call

00028	00290	00330	00429	00596	04268	04286	04797	04800	05090	08841	11720	12904	14193	14231	14563	14596	14605
14607	14610	15027	17745	17860	17882	23721	24684	26416	26447	26452	26453	27033	27534	27545	27558	27550	27507
27791	28186																

BARCLAYS BANK INTERNATIONAL LIMITED

31st October, 1978

THE JOBS COLUMN

Full speed ahead for 'recruitment charter'

BY MICHAEL DIXON

HAVE YOU heard the Tale of Two Employers? I hadn't until I attended the session of the Institute of Personnel Management conference on Friday, devoted to launching the code of good recruitment practice which was originated by this column about 18 months ago.

The tale was produced by the inimitable Martin Higham, of Rowntree Mackintosh, while he was describing the "sheer lunacy" of some of the recruiters he had come across in his capacity as a leading light of the Standing Conference of Employers of Graduates.

One employer had the policy of automatically rejecting any job-candidate who quoted the company's postal code on the letter of application. Use of the code was taken as irrefutable evidence that the applicant was pettifogging and conformist.

Another employer automatically rejected any candidate who didn't quote the post code. The omission was immediately seen as proof that the applicant was eccentric and slapdash.

The foregoing example of waywardness of the recruiters' side of the jobs market could certainly, of course, be matched by various stupidities on the part of candidates. But this is fully recognised by the Institute of Personnel Management's newly established recruitment code, which seeks to promote duly considerate treatment of one another by all parties either offering or applying for jobs.

THE CODE sets out what the Institute believes represents current good practice. Organisations who observe the code will do so to promote good relations between themselves and the people who apply for jobs they offer.

RECRUITERS' OBLIGATIONS

1—Job advertisements will state clearly the form of reply desired (for example, curriculum vitae, completed application form) and any preference for hand-written applications.

2—An acknowledgement or reply will be made promptly to each applicant. Where consultants are acting mainly as forwarding agents for companies, the parties will agree who will acknowledge applications.

3—Candidates will be informed of the progress of the selection procedure, what this will be, the time likely to be involved, and the policy regarding expenses.

4—Detailed personal information (for example, religion, medical history, place of birth, family background, etc.) will not be called for unless and until it is relevant to the selection process.

5—Recruiters will not take up any reference without the candidate's specific approval.

6—Applications will be treated as confidential.

APPLICANTS' OBLIGATIONS

1—Advertisements will be answered in the way requested (for example, telephone for application form, provide brief relevant details, send curriculum vitae, etc.).

2—Appointments and other arrangements will be kept, or the recruiter be informed promptly if the candidate discovers an agreed meeting cannot take place.

3—The recruiter will be informed as soon as a candidate decides not to proceed with the application.

4—Only accurate information will be given in applications and in reply to recruiters' questions.

5—Information given by a prospective employer will be treated as confidential, if so requested.

To be honest, the innovation was not unreservedly approved by all who attended the inaugural meeting — Mr. Higham, for instance, felt that while developing it the IPM should have consulted the long experienced graduate-employers body. But the substance of the two-way "agreement," printed above, was endorsed by the meeting overwhelmingly and the IPM will now go ahead with efforts to persuade employers and recruitment consultants and agencies throughout the land to abide by the "Recruiters' Obligations."

One initiative towards improving jobs-market relations which proved popular with the meeting—where representatives of employing concerns far outnumbered the personnel consultants—was the proposal that subscribing recruiters should henceforth include in their job advertisements a statement that "this organisation accepts the provisions of the IPM code of recruitment practice."

Moreover, to get the message across to applicants, employers could have the full provisions printed on the backs of their acknowledgment letters and application forms.

One question not altogether cleared up at the conference was whether "teeth" were needed so as to stimulate proper adherence to the provisions.

Where the applicants' obligations are concerned, I have felt from the outset that it would be impossible to equip the code with formal sanctions. But neither do I think that these should be necessary. Candidates who fail to twig that breach of their side of the agreement is highly likely to put them out of the running must to my mind be too stupid to get the job, anyway.

There remains, however, some controversy about a need for means of encouraging proper adherence by employers, consultants and agencies. True, the IPM's guide to use of the code (which can be obtained by writing to Bob Fleeman, care of the institute, at Central House, Upper Woburn Place, London WC1H 0HX) states that it "will follow up any alleged breaches which are reported to it or which come to its notice." But some folk at the meeting plainly felt more was required.

The best solution, though, seems to be for the IPM to start promoting the code on the recruiters' side on the present basis of voluntary adherence to the basic courtesies which it sets out, while holding further talks on teeth.

Another proposal raised at the meeting was a clause specifically requiring recruiters who advertise under box numbers to send acknowledgments to all who apply.

While agreeing totally with the principle, however, the IPM's expert Mr. Fleeman replied that in pratice any such clause would be an empty gesture. When recruiters advertised under box numbers, it could be assumed only that their prime purpose was to remain as anonymous as possible. The only wise course for anyone applying for a job to a box number was therefore to accept from the first that no acknowledgment was likely to appear.

Later a recruitment-agency representative added that in his experience employers who offered jobs through the box-number device thereby ruled out the possibility of ever hearing from the majority of qualified people who might otherwise have applied. "By and large, really good job candidates don't seem willing to make themselves hostages to fortune in that way any more."

A moral . . .

FINALLY, I apologise for the absence of the Jobs Column since I wrote on September 28 about prospects for professional managers in Hong Kong. But I now have some useful advice for anyone going out there or undertaking a long flight anywhere else. It is to take a walk round the aircraft every four or five hours at least.

Legs kept still for too long in flight can form unpleasantnesses which can move elsewhere and put one in hospital. Government sources confirm that I am not the only person who has recently learned this the hard way. Another one is Mr. David Ennals, the Secretary of State for Health.

APPOINTMENTS

Senior post in Wellman group

Mr. J. K. McCrickard, formerly a director and general manager of Wellman Manufacturing, has been appointed managing director of the company, which is a subsidiary of the Wellman Engineering Corporation.

★

Pullman Incorporated has elected Mr. Thomas Ryan an executive vice-president of its PULLMAN KELLOGG division in Houston. Mr. Ryan has served as senior vice-president of finance and administration of the engineering and construction division since 1976.

★

Mr. Charles Cotter has taken over as head of Dravo Corporation's European regional office in Rotterdam. He succeeds Mr. G. Frank Gardner who has retired.

★

Mr. Steve Samhoun has been named staff director, supply and development—Middle East for PHILLIPS PETROLEUM COMPANY.

★

Mr. Derek Gould, vice-president and general manager of PAGE PETROLEUM has resigned his position because of ill-health, but continues as a director.

★

The Board of GARTMORE PENSION FUND MANAGERS, the new Gartmore subsidiary, will consist of: Mr. W. Campbell Allan, managing director, Gartmore Investment, Mr. Timothy Beardson, Mr. Harry Jacobs, Mr. Alan Mitchell, and Mr. Douglas Sarchett.

★

SIMMONS AND CO. INTERNATIONAL of Houston, Texas, has elected Dr. Anthony Henfrey, Mr. Nicholas Swycka and Mr. Anthony Banham vice-presidents. Mr. Banham and Mr. Swycka will assume their appointments from tomorrow and Dr. Henfrey will take up his appointment on January 1, 1979.

★

Mr. Michael Sugarman and Mr. Lawrence Kaffel join the board of RAYBECK from tomorrow. Mr. Sugarman is chief executive and Mr. Kaffel, managing director, of Lord John. Upon the present offer for Bourne and Hollingsworth by Raybeck being declared unconditional, it is intended that Mr. Kaffel will become joint managing director of the company.

★

Mr. A. M. Nathan has become senior partner of SCHAVERIEN AND CO., stockbrokers. Mr. B. Hersh and Mr. B. Schaverien have retired from partnership and become consultants.

★

Mr. G. N. (Gordon) Slater has been appointed secretary of TANQUERAY GORDON AND CO. and of CHARLES TANQUERAY AND CO.

★

Stanmill Company has acquired the majority shareholding of AUTOMATED CONTAINER LOADING (SALES), and AUTOMATED CONTAINER LOADING. Mr. W. R. Watkinson remains as chairman of both companies and Mr. I. Visram and Mr. E. N. Visram are appointed as directors to both boards.

★

As a result of internal reorganisation, C. Rowbotham and Sons (Insurance) has made the following changes:

ROWBOTHAM (REINSURANCE) has been admitted as a Lloyd's Broker. Mr. P. F. Dennis continues as chairman and managing director.

C. ROWBOTHAM AND SONS (UNDERWRITING AGENCY) has received approval from the Committee of Lloyd's for the company to manage a new marine syndicate jointly with BARDER AND MARSH. To be known as C. S. Rowbotham and Others, Syndicate No. 248, the underwriter will be Mr. J. H. Barder, together with Mr. H. F. Prudden and the present staff on the box. Mr. D. V. J. Stephens has been invited to join the Board of the company. Mr. S. Bloch continues as chairman and managing director.

C. ROWBOTHAM AND SONS (HOME) has been formed to operate the non-marine brokerage account of the group. Mr. R. A. Rowbotham is chairman and Mr. D. H. Wilson, managing director. The other directors are Mr. B. W. Hubbard and Mr. S. L. Johnston with Mr. J. L. Wines as associate director. The company has assumed the life and pensions activities previously undertaken by HARGRAVES, BLOCH, ROWBOTHAM AND CO.

C. ROWBOTHAM AND SONS (INSURANCE BROKERS) will operate the overseas non-marine function of the group and Mr. R. A. Rowbotham will continue as chairman with Mr. P. F. Dennis as managing director. The other directors are Mr. S. Bloch, Mr. B. W. Hubbard and Mr. D. H. Wilson.

★

Mr. Brian Swindells has been appointed director and technical executive of IMI VALVES INTERNATIONAL. Mr. Bill Willard has been appointed marketing executive.

Mr. Terence King has been appointed a director of CIMEX and retains responsibility for marketing and sales policies in the UK.

★

Mr. Philip Deer has been appointed managing director of PATERSON PRODUCTS. He succeeds Mr. Alan Bailes, who continues as chairman. Mr. Deer joined the company as works director in 1973.

★

Mr. S. Powell and Mr. B. J. Taylor have been appointed directors of BLOCKLEYS. Mr. J. W. H. Shepherd has been made a special director.

★

Mr. M. M. Lange, Mr. A. S. Jolliffe and Mr. A. E. C. Green have joined the board of MARLBOROUGH PROPERTY HOLDINGS, formerly Chown Securities. Mr. W. T. Chown and Mr. W. F. Pell have resigned from the board.

Bank of New South Wales

Preliminary Statement of Profits

The Bank of New South Wales announced the following statement of consolidated profits for the year ended September 30, 1978 based on unaudited figures:

	Year to 30.9.78 ($A000's)	Year to 30.9.77 ($A000's)
Income (after deducting interest paid —in 1977 also after deducting provisions for bad and doubtful debts)	737,572	618,879
Less:		
Expenses	530,135	456,087
Depreciation	19,237	17,683
Operating Profit before Taxes	188,200	145,109
Less: Income, Land and other Taxes	94,511	74,071
Operating Profit	93,689	71,038
Less: Minority interest of outside shareholders in subsidiary companies	20,838	17,959
Operating Profit attributed to proprietors of Bank of New South Wales (1978 Profit has been struck after transfer of $3m to Contingencies Reserve)	72,851	53,079
The above figures exclude the following extraordinary items (net of Income Tax):		
Tax adjustment prior years	(101)	309
Surplus in disposal of premises and other capital profits	909	1,110
Adjustment for exchange fluctuations	349	666
Extension of tax effect accounting principles in respect of depreciation timing differences	(2,240)	
Change to 'Finance' method from a 'Goods' basis in accounting for normal leases	2,876	
Preliminary figures also show Bank of New South Wales and wholly-owned subsidiaries	49,207	33,282
A.G.C. Ltd.—share of profits	23,644	19,797
	72,851	53,079
Half-year comparison		
Consolidated Operating Profit reported to:		
First Half	33,014	27,047*
Second Half	39,837	26,032†

* Australian tax at 42.5 per cent for the First Half.

† The Second Half carried the cost of increased tax rate 46 per cent for the full year.

The Board will declare a Final Dividend of 17c per share payable on 26 January, 1979, which with the Interim Dividend will be equal to 16 per cent or 32c per share for the full year. Total amount of the Interim and Final Dividend will be $21,706,000: Previous year $20,350,000.

Bank of New South Wales

Over 1,300 Offices. Australia, New Zealand, New York, San Francisco, Frankfurt, Bahrain, Tokyo, Hong Kong, Singapore, Jakarta, Papua, New Guinea, Fiji, New Hebrides and other Pacific Islands. Three London branches. Main London Office: 29 Threadneedle Street, EC2R 8BA.

Incorporated in Australia with limited liability.

LEGAL NOTICES

No. 003363 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of CARLTON STEEL (LONDON) LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 19th day of October 1978, presented to the said Court by H. E. SAMSON LIMITED whose registered office is situate at 12 Dryden Chambers, 119 Oxford Street, London W1R 1PE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 20th day of November 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

HUGHES WATTON & CO.,
Regent House,
235/241 Regent Street,
London W1R 8JU
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person or, if a firm the name and address of the firm and must be signed by the person or firm or his or their solicitor (if any) and must be served or if posted must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 17th day of November 1978.

COMPANY NOTICES

TOTAL OIL MARINE LTD.

£25,000,000

9¼% LOAN 1977-1984

Redemptions due on 1st December, 1978 for which £1,500,000 is provided, have been made entirely by purchases in the market. After 1st December 1978 £23,500,000 of the loan will remain in issue.

Financial Agent
BANQUE DE PARIS ET DES PAYS-BAS POUR LE GRAND-DUCHE DE LUXEMBOURG

JARDINE, MATHESON & CO., LIMITED

WARRANTS

Notice to holders of outstanding Warrants to subscribe for stock units of HK$6.00 each of Jardine, Matheson & Co. Limited issued by the Bank of Bermuda Limited as Depositary on 15th November 1971.

Warrant holders are hereby reminded that the option period for the exercise of the subscription rights conferred by the warrants ceases on 15th November 1978. A warrant holder wishing to exercise the subscription rights must surrender the Warrants to any of the warrant agents listed on the reverse of the Warrant with the Warrant exercise form endorsed thereon duly completed together with the payment of the subscription price on or before the 15th November 1978.

By Order of the Board
K. W. YOUNG,
Company Secretary.

Hong Kong,
2nd October 1978.

NOTICE OF PURCHASE

**US$ 100,000,000
KINGDOM OF DENMARK
8¾ PER CENT NOTES
DUE 1 OCTOBER 1984**

NOTICE IS HEREBY GIVEN to holders of Notes of the above issue that US$ 300,000 nominal was purchased in the market during the twelve month period ending 1 October 1978.

UNION BANK OF SWITZERLAND (SECURITIES) LIMITED
Purchase Agent.

London
31 October 1978

TELEFONAKTIEBOLAGET L M ERICSSON

U.S. $6½ PER CENT LOAN 1986

Holders of the above mentioned bonds are advised that Swiss Bank Corporation, Basle, have been appointed with immediate effect an additional Sub Agent for the payment of principal, premium, if any, and interest on the bonds.

S. G. WARBURG & CO. LTD.
as Principal Paying Agent.
31st October, 1978.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

RTH AMERICAN NEWS

Jnion moves to block ;1bn takeover of Carrier

JOHN WYLES NEW YORK, Oct. 30.

United Auto Workers ed a rare and potentially ant campaign to thwart l Technologies proposed takeover of Carrier Corpn.

ming that United Techno- is "a rogue employer throughout the labour ient for its vicious anti-r policies," Mr. Douglas , the UAW's president, d that his union would do hing in its power to block keover which is also being d by Carrier.

move reflects the broadentivism of the UAW under aser who is to the left of of American union s and curently trying to se an alliance of "pro-e forces" against what he s to be a swing to the n the U.S.

decision to align with r against United Technos, he says, because of United Technologies' "harsh treatment of workers and its hostility to unions."

The union's attack on the merger proposal will take three directions: firstly, an appeal for intervention by the New York Attorney General on the grounds that UT's filing on its proposed tender offer for 49 per cent of Carrier's outstanding stock fails to disclose UT's anti-labour policy, "a matter of material importance to would-be stockholders."

Carrier has requested the New York State Attorney General to pursue his investigation of United Technologies' bid, alleging that United has not made the disclosures required under state law, Reuter reports.

Secondly, the UAW is advising those banks which manage its substantial pension funds that they would be unwise to accept the tender offer on the grounds that they will face a more uncertain future of "labour strife, reduced worker morale and lower productivity at Carrier plants."

Lastly, the UAW will ask the Canadian Foreign Investment Review Administration to hold hearings on the proposed takeover which would include Carrier's 24 plants in Canada.

The UAW has 500 members at Carrier and 4,000 in various United Technologies subsidiaries. Mr. Fraser said at the weekend that Carrier had a progressive and sophisticated labour relations policy, but the UAW's experience with two UT subsidiaries, Essex International and Otis Elevator, "we know that a UT take-over means the end of sane, harmonious labour relations."

)gden produces solid gains

OUR FINANCIAL STAFF

N. THE diversified indus- company, is predicting sed earnings for 1978 fol- a solid improvement in ults for the third quarter. income showed a 14 per gain during the three s to $14.6m, or $1.64 a from $12.8m, or $1.32. ues advanced by nearly 19 nt to $465m.

the first three-quarters of ar, Ogden reported a rise of almost 9 per cent in earnings to $41m, equivalent to $4.55 per share, from $37.7m, or $3.83. Revenues were 11 per cent higher at $1.34bn.

The company expects its performance for the full year to exceed the $5.16 per share recorded in 1977, when net income totalled $50m on sales of $1.6bn.

All of Ogden's major areas of activity have put up an increased showing so far, the company said, apart from food products which remain in deficit. The non-food sectors are expected to continue their growth over the full year.

Earlier this year, Ogden sold off the Schumann division of its Ogden Alloys to members of the Schumann family for over $5m. This company, which recycles scrap metal, was bought in 1968. Ogden said its sale would have no material impact on earnings.

'HH seeks Wall Street listing

OUR FINANCIAL STAFF

RSON Howell and Heather orated (PHH), one of orld's largest vehicle leasnd management services nies, is to apply for a full on the New York Stock nge. PHH, whose UK sub-y, PHH Services, of Slough, ntly has stock traded on TC Market in the U.S.

the last financial year ie for the group rose 18 nt to $142.9m and earnings tax improved 22 per cent).1m from $8.3m. In the it first quarter revenue was ed 23 per cent higher at $2.6m compared with the 1977 first.

Mr. John S. Lalley, chairman, states that a listing on the New York Stock Exchange would both better reflect the size and diversity of the group and create a wider market for the stock.

The corporation is also to seek approval from stockholders for a change in name to PHH Group Inc.

PHH was founded in 1946 to provide automobile fleet management services. Since then, it has expanded to cover operations that vary from employee relocation through tyres and vehicle maintenance to business travel and executive expense management. The original name will now only apply to vehicle leasing operations in the U.S.

PHH has its headquarters in Maryland. The group's principal offices and subsidiary companies are in Connecticut, Texas and New Jersey in the U.S., as well as in Canada, South Africa and the UK.

PHH Services of Slough provides vehicle leasing, employee relocation and office removal services, as well as business expense management services.

Life of Georgia rejects Dutch bid

By David Lascelles

NEW YORK, Oct. 30.

THE Life Insurance Company of Georgia today flatly rejected a merger offer by Holland's largest insurance concern, Nationale Nederlanden NV. The company's directors, who own a substantial majority of the stock, stated that they were not interested in discussing such a sale.

Nationale Nederlanden had offered $50 per share. This represents a premium of nearly 100 per cent over the $26 at which the company's shares have recently been trading. The offer valued Life of Georgia at $300m.

Life of Georgia refused any further comment on the merger offer today. However, the bid came just as the company published its third-quarter results.

These put earnings at $6.2m, equivalent to $1.03 per share, up from last year's $5.2m or 87 cents a share. This brought nine-month earnings to $18.4m or $3.06 per share compared with $15.9m or $2.64 last year.

Life of Georgia has made no projections on likely earnings for the full year.

It was the third time this year that the directors of Life of Georgia had rejected bids to acquire the company. In January they rejected an offer from INA Corporation of Philadelphia, and then American General group withdrew from merger talks.

In recent years Nationale Nederlanden has substantially expanded its international operations, which in 1977 accounted for some 36 per cent of total revenues. The company is already represented in North America through a number of companies both in the U.S. and Canada.

During the first half of this year net profits rose by 15 per cent on a rise of an eighth in total revenues. At the time the company expected earnings for the whole of 1978 at least to equal the figure for 1977, when overall net profits amounted to Fl 265m.

Matsushita deal

Matsushita is to acquire the Newcraft subsidiary of Telecor for the November 30 book value of Newcraft's tangible assets plus $17.9m, AP-DJ reports from New York. Telecor has estimated the book value will be between $7.30 and $7.50 per share, but could not estimate Newcraft's portion of that value. Telecor has 4.3m shares outstanding.

Mobil—W. F. Hall

W. F. HALL Printing has agreed to a $50m merger into the Mobil Corporation Reuter reports from Chicago. Mobil will pay $27.50 per share in cash for the 1.83m outstanding Hall shares. The Pritzker family of Chicago holds over 830,000 shares or about 45 per cent of the common stock.

Best-ever airline results from UAL

BY OUR OWN CORRESPONDENT NEW YORK, Oct. 30.

UAL INCORPORATED, the parent company of the largest U.S. airline, United Airlines, has unveiled third-quarter profits of $170.6m, or $6.74 a share—not only more than double last year's, but higher than any airline's previous full-year earnings.

At the same time, United's president and chief executive officer, Mr. Richard Ferris disclosed that the airline had taken options on 69 Boeing jetliners worth $2.2bn. Mr. Ferris said that firm orders, excluding options, placed since 1976 account for $2.4bn of the $9bn United expects to spend on aircraft and other capital equipment by 1990. Cash on hand and internally generated funds should be enough to pay for all the equipment now on order and about 70 per cent of United's equipment needs through 1990, he added.

This confident prediction owes something to United's stunning success this year, which puts its performance among the best in an industry which is making substantially more profits than ever before.

Although no doubt grateful for an 8 per cent increase in hotel earnings during the quarter, and for a $1.2m net profit from its business services operations, which lost $572,000 last year, United is probably happiest that $77m of investment tax credits have spared it a large tax bill on the airline operations. During the quarter, airline earnings before income taxes rose from $84.7m to $184.4m, which yielded after tax $166.09m. The tax credit was worth $3.05 per share, and for the nine months about $5.58 a share, or $140m.

UAL's net income for the nine months was $285m or $11.39 per share. Operating revenues rose 23 per cent during the quarter to $1.12bn and 19 per cent during the nine months to $2.91bn.

United's passenger traffic, aided by discount fares and the general boom in air travel, rose 29 per cent on a capacity increase of 19.7 per cent. Average passenger load factor was 69.2 per cent against a break-even level of 58 per cent.

Continental Airlines reported operating net income of $16.86m or $1.12 a share for the third quarter, compared with last time's $12.57m or 87 cents a share, on revenues up from $179.1m to $205.9m.

Following the three and a half month long strike by its pilots, Northwest Airlines turned in a net income for the third quarter of $11.55m or 53 cents a share, down sharply from the $29.4m or $1.36 a share last time. Revenues fell from $281.3m to just $115.8m. For the nine months, net income was $48.66m or $2.25 a share compared with $68.8m or $3.18 a share, on sales revenues of $551.7m against $771.5m.

McDonnell Douglas lifts earnings

By Our Financial Staff

MCDONNELL DOUGLAS kept up its earnings growth in the third quarter with a 45 per cent gain to $42.6m, or $1.10 a share. The company attributed the sharp advance to increased sales, especially of commercial aircraft, along with higher net interest income and a lower effective tax rate.

After the first nine months, earnings were 32 per cent ahead at $117.2m, or $3.02 per share. Sales were up 21 per cent, to $2.96bn; for the third quarter alone, there was a 25 per cent gain to $1bn.

At the end of the quarter, McDonnell Douglas had firm orders for 304 DC-10s and conditional orders and options for 41 others, while nearly 260 of the aircraft had been delivered.

Deliveries during the three months amounted to three DC-10s compared with only one a year earlier and eight DC-9s against five. The company said it had firm orders for 971 of its DC-9 aircraft, as well as conditional orders and options for 41, with 885 delivered.

Altogether, McDonnell Douglas had accumulated a total backlog of nearly $8.6bn worth of orders on September 30. This compared with $6.4bn the previous year.

Last year, the group managed a 13 per cent gain in its net income to $123m, or $3.20 a share, after a strong performance in the final three months.

$50m loan for Fiat-Allis

NEW YORK, Oct. 30.

CHASE MANHATTAN Bank has arranged a $50m eight-year term loan for Fiat-Allis Construction Machinery, a member of the Fiat group. Chase Manhattan is the lead manager for the group of 11 other international banks.

This is the first eurocurrency loan to an American company following the revision of Federal reserve regulation M which previously required U.S. banks to maintain reserves on eurodollar loans to U.S. borrowers.

AP-DJ

CANADIAN COMPANIES

MacMillan Bloedel up sharply

BY ROBERT GIBBENS MONTREAL, Oct. 30.

CANADA'S largest forest products group, MacMillan Bloedel, earned C$28.8m (U.S.$24.48m) or C$1.30 a share in the third quarter against $13.6m or 58 cents for the year earlier (excluding C$22m writeoff in 1977 to cover a 40 per cent investment in French pulp producer La Cellulose D'Aquitaine). Revenues were C$538m against C$432m.

Nine months net was C$72.9m or C$3.25 a share against C$37.9m or C$1.69 (excluding writeoff). Revenues were C$1.5bn against C$1.26bn.

Ranger Oil (Canada), of Calgary, in which British investors hold a major stake, plans a public offering in the U.S. and Canada of 1m new common shares. The company now has about 8.6m shares outstanding. The terms of the offer have not been disclosed.

The proceeds of the offer will be used to retire bank debt excluding that incurred for Ranger's share in development of the North Sea Ninian Field. The offer is expected to be made in late November or early December and there is a possibility more than 1m shares would be offered.

The third quarter at Northern Telecom brought an increase in net earnings per share from US$0.68 to $0.91. Total net of $26.6m compared with $18.1m last time, and sales of $378.9m with $297.3m.

For the nine months to date, net earnings have increased from $2.34 to $2.52 a share. Total net of $70.3m compares with $62m and sales of $1.1bn with $947.2m.

Steel Company of Canada, the largest Canadian steel producer, had third quarter earnings of C$30.4m or $1.11 a share against $18.2m or 62 cents on sales of $435m against $378m. Nine months' earnings were $92.9m or $3.42 a share against $69.8m or $2.04 on sales of $1.3bn against $1.09bn. The demand in the third quarter continued strong and the outlook is good for the fourth quarter. Excess inventories have now been liquidated.

Gulf Canada announced net earnings for the first nine months of this year of $2.61m against $2.81m previously, reports agencies. Total net of $120m, or $2.61, dipped from $127m, or $2.80. Revenue of $1.9bn increased from $1.71bn.

Ford Motor of Canada announced a loss for the third quarter of $4.09m compared with a loss of $0.54m last time. Total net loss increased from $4.5m to $33.9m, on sales of $1.7bn against $1.3bn last time.

For the nine months to date, Ford has turned in a profit of $1.61 a share against $6.68.

U.S. QUARTERLIES

H. F. AHMANSON	1978 $	1977 $
Third quarter		
Revenue	259.3m	223.5m
Net profits	29.19m	27.17m
Net per share	1.27	1.19
Nine months		
Revenue	754.0m	635.8m
Net profits	87.78m	74.54m
Net per share	3.83	3.27

ALPHA PORTLAND INDS.	1978 $	1977 $
Third quarter		
Revenue	65.99m	58.2m
Net profits	1.06m	2.31m
Net per share	0.57	1.25
Nine months		
Revenue	166m	148.6m
Net profits	2.65m	4.38m
Net per share	1.44	2.38

AMERADA HESS	1978 $	1977 $
Third quarter		
Revenue	1.13bn	1.12bn
Net profits	30.59m	33.92m
Net per share	0.75	0.84
Nine months		
Revenue	3.32bn	3.42bn
Net profits	97.68m	156.70m
Net per share	2.41	3.87

ARMSTRONG CORK	1978 $	1977 $
Third quarter		
Revenue	312.1m	276.0m
Net profits	13.33m	10.35m
Net per share	0.51	0.40
Nine months		
Revenue	931.3m	814.0m
Net profits	48.47m	36.68m
Net per share	1.87	1.41

BARBER OIL	1978 $	1977 $
Third quarter		
Revenue	27.2m	25.7m
Net profits	2.2m	2.2m
Net per share	0.82	0.83
Nine months		
Revenue	78.6m	68m
Net profits	4.8m	5.4m
Net per share	1.83	2.03

BROWN & SHARPE MFG	1978 $	1977 $
Third quarter		
Revenue	32.6m	24.1m
Net profits	1.70m	0.50m
Net per share	0.74	0.22
Nine months		
Revenue	102.9m	77.3m
Net profits	5.38m	1.99m
Net per share	2.34	0.87

BURNDY	1978 $	1977 $
Third quarter		
Revenue	42.8m	38.3m
Net profits	3.7m	2.9m
Net per share	0.59	0.46
Nine months		
Revenue	131.3m	116.0m
Net profits	11.2m	9.4m
Net per share	1.79	1.48

CHARTER CO.	1978 $	1977 $
Third quarter		
Revenue	533.4m	351.7m
Net profits	5.6m	3.5m
Net per share	0.26	0.16
Nine months		
Revenue	1.46bn	1.08bn
Net profits	13.2m	12.7m
Net per share	0.62	0.60

E G & G	1978 $	1977 $
Third quarter		
Revenue	117.3m	94.4m
Net profits	4.2m	2.8m
Net per share	0.65	0.36
Nine months		
Revenue	324.4m	273.8m
Net profits	11.3m	8.3m
Net per share	1.63	1.06

ELECTRONIC MEMORIES	1978 $	1977 $
Third quarter		
Revenue	33.0m	27.4m
Net profits	3.55m	1.30m
Net per share	0.61	0.19
Nine months		
Revenue	95.9m	80.7m
Net profits	5.92m	3.39m
Net per share	0.95	0.48

FLEXI-VAN	1978 $	1977 $
Third quarter		
Revenue	48.9m	35.6m
Net profits	5.75m	5.54m
Net per share	0.86	0.82
Nine months		
Revenue	134.0m	95.8m
Net profits	17.58m	13.36m
Net per share	2.63	1.99

FOSTER WHEELER	1978 $	1977 $
Third quarter		
Revenue	341.3m	282.8m
Net profits	9.83m	7.85m
Net per share	1.20	0.96
Nine months		
Revenue	1.07bn	859.2m
Net profits	29.8m	19.83m
Net per share	3.64	2.43

FOXBORO	1978 $	1977 $
Third quarter		
Revenue	97m	94.5m
Net profits	8.4m	8.2m
Net per share	1.02	1.01
Nine months		
Revenue	284.1m	267.9m
Net profits	22.6m	23.4m
Net per share	2.75	2.89

FRANK B. HALL	1978 $	1977 $
Third quarter		
Revenue	47.8m	37.7m
Net profits	6.13m	4.85m
Net per share	0.67	0.54
Nine months		
Revenue	137.3m	110.9m
Net profits	17.8m	14.5m
Net per share	1.97	1.61

NATOMAS	1978 $	1977 $
Third quarter		
Revenue	133.4m	152.1m
Net profits	19.7m	18.3m
Net per share	2.25	2.33
Nine months		
Revenue	360.6m	443.4m
Net profits	55.7m	57.5m
Net per share	6.51	7.46

RAMADA INNS	1978 $	1977 $
Third quarter		
Revenue	89.4m	82.0m
Net profits	6.31m	5.87m
Net per share	0.25	0.23
Nine months		
Revenue	243.6m	220.3m
Net profits	9.26m	8.96m
Net per share	0.37	0.35

TIMKEN	1978 $	1977 $
Third quarter		
Revenue	262.7m	229.3m
Net profits	16.98m	11.46m
Net per share	1.54	1.02
Nine months		
Revenue	808.0m	733.4m
Net profits	60.39m	51.69m
Net per share	5.47	4.62

TOTAL PETROLEUM (N AMER)	1978 $	1977 $
Third quarter		
Revenue	159.3m	89.5m
Net profits	4.8m	3.7m
Net per share	0.33	0.30
Nine months		
Revenue	395.8m	255.1m
Net profits	9.5m	11.7m
Net per share	0.67	0.92

20TH CENTURY-FOX	1978 $	1977 $
Third quarter		
Revenue	161.0m	171.5m
Net profits	18.44m	31.61m
Net per share	2.26	4.02
Nine months		
Revenue	469.1m	361.6m
Net profits	51.40m	40.06m
Net per share	6.43	5.16

WHITE CONSOL. INDS.	1978 $	1977 $
Third quarter		
Revenue	406m	352.6m
Net profits	13.1m	12.2m
Net per share	0.91	0.84
Nine months		
Revenue	1.26bn	1.06bn
Net profits	41.2m	37.8m
Net per share	2.88	2.61

WISCONSIN ELECTRIC	1978 $	1977 $
Third quarter		
Revenue	184.8m	159.8m
Net profits	23.5m	19.9m
Net per share	1.28	1.09
Nine months		
Revenue	736.9m	646.9m
Net profits	65.2m	56.2m
Net per share	3.56	3.14

RESULTS IN BRIEF

Corroon and Black profit ahead after nine months

NEW YORK, Oct. 30.

TWO U.S. insurance companies have reported upturns in net earnings per share for the first nine months of the current financial year. Corroon and Black moved up from $1.53 to $1.99 and United States Fidelity and Guarantee Company advanced from $4.60 to $5.63.

Other advances in nine-month earnings are reported by Faberge, fragrances, up from 88 cents to $1.06, Ginos, restaurants, up from 68 cents to $1.07, Donaldson, Lufkin and Jenrette, securities broker, ahead from 1 cent to 27 cents, and the Canadian manufacturer of metal products, Dominion Bridge Company, up from $2.12 to $2.37.

Downturns at the nine-month level are reported by C Industries, diversified industrial, down from $2.91 to $2.77, Missouri Pacific Railroad, down from $5.37 to $5.26, Detroit Edison, utility, down from $1.61 to $1.27, Dillingham Corporation, maritime resources and property, down from 82 cents to 1 cent, and Norris Industries, diversified industrial, down from $3.34 to $3.07.

For the first quarter of the current financial year, Purex Corporation, chemicals and avionics, advanced from 52 cents to 55 cents, Delta Air Lines moved up from $1.36 to $1.65, Briggs and Stratton Corporation, engines and locks, moved ahead from 34 cents to 51 cents, Digital Equipment, computers, advanced from 66 cents to 75 cents, Dillon Companies, retail, was up from 58 cents to 83 cents, and Norton Simon, food, cosmetics and drinks, advanced from 57 cents to 59 cents.

A downturn in the first quarter is reported by Clorox Company, household products and food, which fell from 45 cents to 40 cents.

For the third quarter of the year, FMC Corporation, machines and chemicals, moved up from 73 cents to 86 cents, and for the full year, Damon Corporation, medical instruments, fell from 19 cents to 3 cents.

Agencies

'T INTERNATIONAL BOND SERVICE

e list shows the 200 latest international bond issues for which an adequate secondary market For further details of these or other bonds see the complete list of Eurobond prices published second Monday of each month. Closing prices on October 30

LLAR HTS	Issued	Bid	Offer	Change on day	Change on week	Yield
. 9½ 88	25	95½	96½	−0⅛	−0¼	9.90
8.45 83	175	96½	97	−0⅛	−0¼	9.55
9½ 93	75	98¼	98¾	−0½	−1¼	9.51
Foods 7½ 83	100	93¼	94¼	−0¼	−0¼	9.46
87	50	94¼	95	−0¼	−1¼	9.68
93	25	96½	96¾	0	−1	9.42
98	25	97½	97¾	−0¼	−1	9.54
93	75	93¼	93¾	−0¼	−3¼	9.86
87	250	95¼	95¾	−0¼	−1	9.47
8.20 85	250	95¼	95¾	−0¼	−0¼	9.32
8½ 98	250	93¼	94¼	−0¼	−0¼	9.51
9 83	400	98¾	99¾	—	—	9.43
9½ 98	350	98¼	99¾	—	—	9.55
r 8½ 83	70	93¼	93¾	−0¼	−1¼	10.35
n Brdg. Co. 9 86	25	93¼	94	−0¼	−0¼	10.20
85	100	95¾	96¼	−0¼	−1¼	9.73
98	125	96¾	97¾	−0¾	−1	9.67
18	100	98¼	98¾	−0¼	−0¾	9.65
Finland 9 85	25	94¼	95¼	−0¼	−1¼	10.08
Finans 9 86	50	95¼	96	−0¼	−2¼	9.79
Develpmnt. 8.6 83	125	96¾	97¾	−0¼	−0¾	9.57
8½ 83	100	96¾	97¼	−0¼	−0¼	9.79
9 98	100	96¾	97¾	−0¼	−0¼	9.67
O/S 9 83	25	94¼	95	−0¾	−2	10.41
stries 9 83	35	93	93¼	−0¼	−1¼	10.47
ance 9½ 85	25	94	94¾	−0¼	−2	10.73
ance 9½ 90	20	92¼	93¼	−0¾	−2¼	11.10
do 9½ 83	20	97½	98	−0¼	−1¼	9.98
ney 8½ 83	100	95¼	95¾	−0¼	−0¾	9.71
del 9½ 83	50	94¾	95¼	−0¼	−1¼	9.90
. Fin. 8½ 83	20	91¼	91¾	−0¼	−2¼	10.53

[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bk. 5⅞ 88	15	98	98¾	0	+0¼	5.97
Australia 6.6 90	50	101¼	101¾	0	+0⅜	6.51
BFCE 6.4 90	30	96⅝	97⅝	0	+0⅜	6.87
Eurofima 6.3 90	10	96	97	−0¼	−0¼	6.85
Finland 6.7 88	25	97⅞	98¼	+0¼	+0⅜	7.06
Norway 5.7 83	25	103¼	104¼	−0¼	+0¼	4.78
Oslo, City of 6.6 90	15	96⅝	99¼	0	+0¼	6.87
SNCF 6.6 90	20	98¼	99¼	+0¼	+0⅜	6.86
Sweden 6.3 90	40	96⅝	97⅝	+0¼	+1	6.81

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11½ A$	12	97⅞	98⅜	+0⅛	+0¼	12.84
Auto Cote Basq. 7 93 EUA	16	96¾	97⅝	−0¼	−0⅜	7.32
Copenhagen 7 93 EUA	30	97¼	98¼	+0¼	+0¼	7.25
Finland Ind. Bk. 7 93 EUA	15	96¼	97⅞	−0¼	+0⅛	7.29
Komm. Inst. 7½ 93 EUA	15	98¼	98¾	+0¼	−0¼	7.67
Panama 8½ 93 EUA	20	94	94½	−0¼	−2¼	8.96
SDR France 7 93 EUA	22	98½	99¼	0	+0¼	7.13
Algemene Bk. 6½ 83 Fl	75	92¼	93¼	+0¼	−1¼	8.07
Brazil 7½ 83 Fl	75	93¼	94¼	0	−1	9.11
CFE Mexico 7½ 83 Fl	75	95½	96¼	+0¼	−0¼	8.83
EIB 7½ 85 Fl	75	93¼	94¼	0	−1¼	8.40
Neder. Middenb. 6½ 83 Fl	75	95¼	95¾	−0¼	−1¼	7.69
New Zealand 6½ 84 Fl	75	95¼	96¼	−0¼	−1¼	7.63
Norway 6½ 83 Fl	100	94¼	95¼	−0¼	−1¼	7.08
OKB 6½ 85 Fl	75	91¼	92¼	+0¼	−1¼	8.08
EIB 9½ 88 FFr	200	97½	98¼	+0¼	+0¼	10.05
BAT 8 88 LuxFr	250	95¼	96¼	−0¼	0	8.61
Bayer Lux. 8 86 LuxFr	250	95¾	96¼	−0¼	−0¼	8.65
EIB 7½ 88 LuxFr	250	95¾	96¾	−0¼	−0¼	8.30
Finland I. Fd. 8 88 LuxFr	250	95¾	96¾	−0¼	−0¼	8.56
Norway 7½ 83 LuxFr	250	96¼	97½	−0¼	+0¼	8.46

[illegible]

FLOATING RATE NOTES [illegible]

CONVERTIBLE BONDS [illegible]

D-MARK STRAIGHTS [illegible]

FRANC STRAIGHTS [illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.date=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Ferodo to raise $72m by rights

By Our Own Correspondent

PARIS, Oct. 30.

THE HOLDING company of the Ferodo Motor Component group is promising to maintain its dividend in 1978 on capital increased by a two for five rights issue. It is raising FFr 290m, or $72m.

The prime reason for the rights issue is to finance the disputed acquisition of a controlling 51 per cent in the electrical component concern Ducellier. Ferodo is seeking to control Ducellier by setting up a shell company with DBA, the majority owner of Ducellier, to exercise the 51 per cent voting rights in Ducellier held by DBA.

This action is being contested in the courts by the UK concern Lucas, which has 49 per cent of Ducellier, on the grounds that it is invalid in the face of Lucas' own pre-emptive agreement with DBA that each company would give the other first refusal should it wish to dispose of its stake in the component company.

However, Ferodo is clearly confident that it can make its control of Ducellier stick. Its position resting essentially on its belief that the French Government has to sustain a French takeover of Ducellier if it wishes to create a strong national presence in this sector to compete against Bosch and Lucas.

Ferodo also needs money to finance two other acquisitions, neither of which it will name. One is a foreign motor component company. In the non-automobile sector, the company is taking control of a manufacturer of high technology mechanical products, this time in France.

At the same time the parent company of the computer concern CII-Honeywell Bull is also raising capital to participate in the capital increase of its subsidiary. Compagnie des Machines Bull is seeking FFr 164m in the form of an issue of one share at FFr 50 for each five shares already held.

Finally, one of France's biggest water utilities, Lyonnaise des Eaux, is seeking shareholders' approval to increase capital from FFr 253m to FFr 600m over the next five years. The first slice is likely to be sought before the end of the year, but the concern has not yet decided on the technique to be used.

Saint-Gobain first half setback

BY DAVID CURRY

PARIS, Oct. 30.

A DECLINE of almost a third in net earnings for the first half of the year has been reported by France's largest non-state-owned concern, Saint-Gobain-Pont-a-Mousson. Moreover, there is every possibility that the trend will be continued in the second half, leading to a final result well below last year's Fr 642m net earnings.

Saint-Gobain has been hit by the continuing depression in the French market, where its operating and net results are both negative. In addition, its overseas activities have failed to come to the rescue as they did last year. Finally, the group has had to face the high cost of its programme of shutting uneconomic factories and the disposal of unwanted activities in pursuit of its aim of turning towards a higher technology range of activity and tightening its control over traditional products.

The cost of such closures alone came to Fr 80m — most heavily in the paper sector—against only Fr 15m last year. Continuation of the programme in the second half will cost at least as much.

In a sense, Saint-Gobain is catching up in a hurry with the decisions postponed for the 18 months or so before the elections for political reasons—in order not to provide ammunition to the left. Now, with the Government itself urging French companies to take radical steps to prepare for international competition, Saint-Gobain is making a dash for reconstruction—it recently reorganised its group activities into ten branches to be able to assess performance more efficiently.

At the same time, for diverse reasons, the overseas activities declined significantly. There were strikes in both the German motor equipment divisions and at Certain-Teed in the U.S. The German economy itself did not fulfil expectations for growth, while Certain-Teed had to face both difficult winter conditions and the rebuilding of installations to expand output at a time of peak demand.

First half	1978 FFr	1977 FFr
Sales	17.03bn	15.9bn
Operating income	734m	916m
Net income	301m	434m

The devaluation of the Spanish currency hurt the performance of the Spanish subsidiary, and there were certain conversion losses which will also be a feature of the second half.

France is still the worst black spot, with FFr 23m operating loss and FFr 26m net loss against FFr 27m and FFr 88m profits respectively last year. The group will lose some FFr 200m in the paper sector alone. It closed one plant at the beginning of the year and another a week ago. The traditional engineering activities of the Pont-a-Mousson side of the group are being looked at hard with a view to eliminating the worst loss-makers and more ancient plant.

The dividend will not be affected by the decline in earnings. The parent company has substantial retained earnings, and promised at the time of the FFr 594m rights issue that earnings would not be diluted.

MEDIUM-TERM CREDITS

Downward pressure on spreads

BY JOHN EVANS

TWO LARGE international loans totalling $550m are being planned by Indonesia and the Philippines, with both transactions underlining the continued downward pressures on the level of lending spreads on syndicated Euromarket credits.

The Republic of Indonesia is raising $300m as a 10-year loan carrying a spread of ¾ per cent over Eurodollar interbank rates for the first five year, and ⅞ per cent for the remainder.

In contrast, the country raised a $575m Euromarket loans package towards the end of 1976 at an overall spread of 1⅞ per cent. Those loans were designed to refinance earlier credits, while the present $300m will be used for development projects under Indonesia's latest five-year plan.

Manufacturers Hanover Ltd. and Toronto Dominion Bank are forming a banking management group for the credit.

The Philippines is seeking $250m, also for 10 years, with a five year grace period. Spread on the borrowing to be raised in the name of the country's central bank, is ⅞ per cent—representing an improvement in the terms for recent Euromarket credits for the Philippines. Manufacturers Hanover Ltd. has been given a mandate to arrange the loan.

This credit will help meet the external financing requirements of various Philippines state bodies.

The latest borrowing by Brazil, a $200 loan for the Companhia do Metropolitano do Rio de Janeiro, will include a 15-year maturity on one of the tranches. The response of the Euromarkets to this loan will be watched carefully. It is being regarded as a test operation to find out the market's true receptivity to maturities of this length for Brazil, which is one of the most indebted of the countries regularly borrowing overseas.

European Brazilian Bank will head the loan, which consists of a 10-year tranche at a spread of 1⅛ per cent, a 12-year slice at 1¼ and the 15-year tranche at 1⅜ per cent.

EUROBONDS

Leumi plans $60m floating rate note

BY FRANCIS GHILÉS

THE international bond markets had another unhappy day yesterday: turnover was very high with prices falling by about half a point, though the movement in prices was erratic. Quiet Mondays, which used to be the norm, are gone, at least for the time being. In the Deutsche-Mark sector, prices moved up a little but turnover remained thin.

Despite the virtual freeze on dollar issues, Leumi International Investment NV, a subsidiary of Israel's largest bank, is expected to announce a $60m seven-year floating rate note later this week. This FRN is expected to carry an interest rate of ¼ per cent over Libor and a minimum coupon of 6 per cent. Bank Leumi will guarantee the bond and no outside underwriters will be called in to assist the issue.

In the straight dollar sector, prices fell broadly by one half to three quarters of a point. Where there were buyers they were often the sinking funds, in many cases of U.S. names. The Ashland 8 per cent 1987 have not moved in price in the past two weeks and were still quoted yesterday at 97-.

The ECSC 8¾ per cent 1991 and the ECSC 9¼ per cent 1996 also seem to be a case in point. This pattern is likely to continue during the week as U.S. short term rates spiral and a 10¼ per cent prime U.S. bank rate is increasingly being taken for granted. Swiss selling, also a feature since the middle of this month, continues.

In the Deutsch Mark sector, trading was described as very professional—prices moved up more than down, but volume was thin.

Bid talks at Dutch publishers

By Our Financial Staff

A MAJOR Dutch publishing takeover—possibly worth in excess of $40m—loomed last night following the stock market suspension of shares in Elsevier and Dagblad Unie.

A statement from the two companies which have been in talks for some time is expected today. If a merger of the two is to be effected, it would almost certainly take the form of an offer from Elsevier which is roughly twice the size of Dagblad Unie in terms of net profits and has a stock market value of some Fl 250m ($130m) compared with Fl 76m for Dagblad.

Last published (1977) sales of Elsevier totalled Fl 593m, while net profits amounted to Fl 22.7m. At Dagblad sales were Fl 415m in 1977, with net profits emerging at Fl 10.3m. Elsevier has strong international trading links and is one of the world's largest producers of scientific journals. Dagblad, publishes ladies magazines.

Elsevier has been noticeably acquisitive in recent years. Two recent deals have taken the company into technical magazines in West Germany and into medical book publishing in the U.S.

Statsfoeretag to stay in the red this year

By Our Nordic Correspondent

STOCKHOLM, Oct. 30.

STATSFOERETAG, the Swedish state holding company, made a pre-tax loss of SKr 604m ($142m) on consolidated account for its 30-odd subsidiaries during the first eight months of this year. It expects to finish 1978 with a loss slightly lower than the SKr 1bn it incurred last year. The eight-month loss is struck after planned depreciation and would be SKr 244m heavier, were depreciation charged at replacement cost.

Last year Statsfoeretag reported a loss of SKr 926m at the eight-month stage but the results are not directly comparable because of changes in group composition. The managing director, Mr. Per Skoeld, calculates that the current eight-month result reflects a further decline of some SKr 125m compared with last year's.

The eight-month turnover rose by 11 per cent to SKr 6.25bn ($1.47bn). A "restrained upturn" in the Swedish and West European economies during the last four months is expected to speed up group sales, so that final 1978 turnover should reach around SKr 10bn. This increase, it is estimated, will reduce losses in the last four months.

Statsfoeretag's huge loss still stems from its four heavy industry subsidiaries, the LKAB iron mining company, ASSI, the forest products concern, Berol Kemi, the chemicals company, and the NJA steel works, which now forms part of the new Swedish steel company, SSAB. These four made pre-tax losses of SKr 723m, of which well over half is attributable to LKAB.

If they are excluded, Statsfoeretag would show a considerable improvement from a loss of SKr 55m to a profit of SKr 119m during the eight-month period. Leading the profit-earners is the tobacco company, which turned in earnings of SKr 173m.

Commerzbank to maintain dividend

By Our Financial Staff

INCREASED business volume and a maintained dividend were the main prospects held out to shareholders at the recent autumn Press conference called by Commerzbank, the third largest commercial bank in West Germany.

Total business volume was running some 16 per cent ahead after the first nine months of 1978 while at the parent bank there had been a rise of 7 per cent in the surplus on interest earnings. Dividend for 1978 is forecast to stay at DM 8.50 a share.

The bank's net assets had risen at a 7 per cent rate since the end of 1977 to a present level of some DM54.4bn. Continuing high liquidity among industrial customers resulted in gains for all three major sectors, public borrowings, private credits and foreign credits.

Commerzbank plans to expand its foreign operations with the opening of an affiliate in Antwerp and the preparation of another in Hong Kong. There is to be an agency in Atlanta, Georgia, a merchant bank in Singapore and a representative office in Toronto.

In 1977, the bank's assets expanded by almost a fifth, while net profits, following a heavier tax charge, emerged at DM 212.7m, compared with DM 225.2m.

Kockums seeks state takeover

BY WILLIAM DULLFORCE

STOCKHOLM, Oct. 30.

KOCKUMS, the Swedish shipbuilding and industrial group, had a pre-tax loss of SKr 174m ($41m) before extraordinary items for the first eight months of the year and confirmed that it has opened negotiations with the Ministry of Industry for a state takeover.

Mr. Olafur Sigurdsson, managing director, estimated that the final loss for 1978 could be over SKr 200m but it was subject to uncertain factors such as the development of the dollar exchange rate during the remainder of the year. The result of the talks with the government would determine the company's future, he said.

Turnover during the eight months fell by over 12 per cent to SKr 887m ($209m). Depreciation was up by nearly SKr 12m and net financial charges of SKr 125m were SKr 13m higher than during the corresponding period of last year. The pre-tax loss compares with a loss of SKr 61m for 1977 as a whole.

Despite a reorganisation of Kockums' shares in several of the vessels it has had to take over, the losses on its shipping operation accumulated from SKr 71m in the first eight months of 1977 to SKr 105m and occasioned "a sharp increase in the outflow of liquid funds."

The Malmoe shipyard, the last major Swedish yard still privately owned, delivered the last of the super tankers on its books in April and found no buyer for the two LNG carriers it has been building on its own account.

It slumped from a SKr 21m profit into a SKr 3.5m loss for the eight months and has orders in hand to ensure employment at the yard only until the beginning of April.

To compound Kockums' difficulties its industrial operations turned in a loss of SKr 32m compared with a loss of SKr 11m in the corresponding period last year. The loss is due principally to the decline in the demand for forestry machinery.

Earlier this year the Kockums' Board and annual general meeting accepted the 1977 accounts although the auditors had expressed doubt about the failure to write down claims and part shares in ships by about SKr 1.1bn to conform with current prices.

In June, Kockums arranged a $200m credit facility under a state guarantee and received a SKr 340m state loan. During the eight months it took up new loans totalling SKr 995m. It estimates that the state loan will safeguard liquidity until the end of the year.

Talks on Kockums' fate have been delayed by the change government, while it is possible that the new Liberal minority cabinet will want to change the Shipyards' Bill tabled by the former government.

UBS forecasts downturn

BY OUR FINANCIAL STAFF

UNION Bank of Switzerland yesterday rounded off a gloomy results season for the big three Swiss banks in the third quarter of 1978.

Third quarter operating earnings at UBS were lower than in both the two earlier quarters of this year, and as a result the bank now expects profits for the whole of 1978 to decline. In 1977, net earnings emerged at SwFr 267m.

Last Friday both the Swiss Bank Corporation and Credit Suisse announced that trading had been difficult during the third quarter of this year, largely because of the corrosive impact of the strength in foreign exchange markets of the Swiss franc.

UBS reported that costs held steady but lower income from interest business as well as in some areas of commission business depressed earnings. As this situation is "unlikely to alter in the coming months" the bank expects to report lower earnings for 1978 as a whole.

The bank's balance sheet total rose by SwFr 1bn in the third quarter to around SwFr 57.9bn, which was SwFr 1.7bn above the level at the end of last year. Total lending rose by SwFr 337m during the quarter to SwFr 25.2bn.

HVA $2m first half loss

AMSTERDAM, Oct. 30.

VERENIGDE HVA Maatschappijen NV, the Dutch agricultural and commodities group, reported a loss of about Fl 4m ($2m) for the first half of 1978, ended on June 30. No figures were given for the year-earlier period.

For 1977 as a whole, the company reported a consolidated net profit of Fl 806,300 compared with Fl 2.2m in 1976. The company said it hoped the 1978 second half results would show some improvement, though it still anticipated a loss.

Contributing to the first-half loss were disappointing results from two trading companies, Schoonebeekse Machinefabriek en Chemische Apparatenbouw Sma, and Chemie Combinatie Amsterdam CCA.

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INTERNATIONAL COMPANY NEWS

PANESE ELECTRICAL COMPANIES

Mixed results for the first-half

Y RICHARD C. HANSON — TOKYO, Oct. 30.

AN'S major telecommunica- equipment, electric hinery and computer makers orted mixed results for the -year to September 30—as ernment agency spending ved up sales but the export ket grew more difficult.

shiba Corporation made a ng showing in the half-year a result of measures by agement to rationalise and to d out unprofitable sectors. profits gained 29 per cent to 1bn ($50m)—the best level decade—while sales rose to alf-year record, up 17 per to Y593.15bn ($3.3bn). Its orts were down 7 per cent, ever, and accounted for only per cent of sales, against er cent a year ago, mostly as sult of curbs on exports of ur television sets to the e U.S. market and the sharp in the yen in the foreign anges. Good exports of ulators, microwave ovens and ro components partly offset decline. The yen's rise led 261 per cent rise in foreign ange losses to Y9.4bn in the nonths.

hile consumer product sales all showed an 8 per cent , heavy electric machinery ticularly to the electric er industry) rose by 25 per and telecommunications pment sales were boosted per cent, both largely the lt of stepped up disburse- ts by Government related ncies and public utilities. shiba reduced its workforce about 3,000 to some 62,700 employees in the six months from March 31.

Fujitsu, Japan's largest computer maker, also reported good results, with net profits up 14.5 per cent to Y4.43bn, and sales gaining 8.8 per cent to a record half-year total of Y197.82bn. The company's exports were up 32.8 per cent to Y28.15bn, or 14.2 per cent of the total, compared with 11.7 per cent a year ago. With computer-related exports up 50 per cent to Y16.9bn (about half to the U.S. market).

Its overall computer sales, which are under strong cost pressures in Japan from the market leader IBM, increased only 6.9 per cent to Y138.97bn. Telephone equipments sales were raised 18.7 per cent; microwave communications sales 4.6 per cent, and electronic parts (like ICs) gained 26.6 per cent. The company will spend about Y22-23bn on capital projects this year, the largest of which was an IC manufacturing building built since April.

	Net Profits		Sales	
	Half year to Sept. 30 Ybn	Gain over first-half 1977-78 %	Half year to Sept. 30 Ybn	Gain over first-half 1977-78 %
Toshiba	9.01	29	593.15	16.8
Fujitsu	4.43	14.5	197.82	8.8
Nippon Electric	3.02	−24.9	282.08	12.2
Oki Electric	−0.05	(−Y0.15bn)	63.16	9.3

Fujitsu holds about 20 per cent of the Japanese computer market, lagging behind IBM's estimated 25-28 per cent share. Its software technology development is believed to be training IBM's by about one year. Major efforts at present are aimed at bringing its production costs down quickly enough to match IBM, which has been able to reduce its prices in Japan.

From later this year, Fujitsu will begin exports to Siemens of West Germany of large scale Facom brand computers.

Nippon Electric Company (NEC), which depends on spending by public agencies like the Nippon Telephone and Telegraph more than Toshiba and Fujitsu, reported a 24.9 per cent drop in net profits to Y3.02bn. Sales rose to a record Y282.08bn, up 12.2 per cent. NEC expects that net profits for the year will be somewhat better than an earlier Y7.05bn forecast, which showed broadly no change from last year. Exports, still strong in the telecommunications field, to the Middle East, were up 15 per cent, but down as a share of the whole to 29.5 per cent, from 31.5 per cent. Exchange rate changes caused an estimated Y2.8bn loss.

The rate of dependence on orders from the public agencies was up to 28.2 per cent of total sales from 26 per cent a year ago. There is considerable concern that the spending by the Government will fall off as the majority of public works expenditure budgeted this year came in the April-September half-year. Private demand remains uncertain.

The worst performance among the big telecommunications manufacturers was reported by Oki Electric, which registered a net loss of Y50m in the September half, against a year ago loss of Y151m. Sales gained 9.3 per cent to Y63.16bn. The company dropped its dividend for the mid-term and expects the full-year dividend also to be eliminated. While exports—10 per cent of sales—were up slightly, Oki suffered a Y500m foreign exchange loss.

Oki depends heavily on spending by the public telephone concern for about 35 per cent of sales. Such business gained 10 per cent in the half-year. As part of determined measures to rationalise its operations, the company will cut its workforce by 1,500 on October 31, or by around 10 per cent of its 14,000 strength.

Orient Overseas profit upturn

Y ANTHONY ROWLEY — HONG KONG, Oct. 30.

ENT OVERSEAS Container ldings), which owns and ates the container shipping ices of the C.Y. Tung Group, a 25 per cent increase in ating profit to HK$47.5m $10m) in the six months une 30.

e group, which has container ices from Asia to Europe, rica and the Middle East, enjoyed a continuing rovement in the third quarter expects improvement in the year's profit according to Mr. C. H. Tung, managing director.

Analysts here are expecting OOCH to produce net earnings of over HK$100m (US$21.1m) in 1978 against HK$95.79m last year.

OOCH normally enjoys a better second half than first half because of the greater number of sailings in the latter period. Extraordinary items, in the shape of ship sales, which last year totalled HK$41.8m, are expected to be considerably smaller this year however.

OOCH is paying an interim dividend of 9 cents a share against 8.5 cents in the first half of last year. This is effectively a 16.5 per cent increase as it is being paid on an increased capital. A total pay-out of 30 cents a share is forecast this year against 29 cents last year on the smaller capital.

Mr. Tung reported that outside competition was growing for the group. Plans for OOCH's Far East to West Africa service have been postponed because of an unfavourable trade climate.

Colgate Palmolive India offer

By K. K. Sharma

NEW DELHI, Oct. 30.

COLGATE-PALMOLIVE of the U.S. is offering for sale to Indians some 1.18m of the 1.96m equity share of Rs 10 each that it holds in its Indian subsidiary Colgate-Palmolive (India). Each share of Rs 10 will be offered at Rs 25.

The sale is being made in terms of the Foreign Exchange Regulation Act which requires "Indianisation" of ownership of most foreign companies to the extent of 60 per cent. Colgate-Palmolive is among the largest manufacturers of cosmetic and related products in the country.

The company's turnover has nearly doubled from Rs 170m in 1973 to Rs [illegible]m (U.S. $40.75m) in 1977. Profits before tax increased from Rs 39.7m to Rs [illegible]m ($10.5m) in the same period.

Royal Bank branch in Hong Kong

BY OUR OWN CORRESPONDENT — HONG KONG, Oct. 30.

E ROYAL Bank of Canada opened a new "full-service" nch here offering a full range banking services including le financing and money ket services.

he Canadian bank is among foreign banks which have n given permission under the Banking Ordinance to open nches in Hong Kong since the ernment here relaxed its 12- r long moratorium on such opening earlier this year.

Many of the banks have converted their operations from that of "deposit-taking companies"—registered under a separate ordinance—to full bank status, or retained both types of operation.

* * *

A RECORD PRICE of HK$89,855 (U.S.$19,000) a square metre was realised for land at Tsim Sha Tsui East at a crown land sale, according to a spokesman for the Crown Lands and Survey Office, Reuter adds from Hong Kong.

He said the lot, auctioned for non-industrial purposes excluding hotel use, measured 1,380 square metres and fetched HK$124m.

The previous record price for Crown land sold at Tsim Sha Tsui East was HK$81,395.

NANCIAL MARKETS

Regional drive in Kuala Lumpur

BY WONG SULONG IN KUALA LUMPUR

MOVES WERE MADE in the Malaysian Budget to promote a regional financial and commodity market in Kuala Lumpur. But Bank Negara, the Malaysian central bank, has made it plain that it is not aiming in Kuala Lumpur's rivalling Hong Kong and Singapore in this field. Its philosophy is that Malaysian banks must serve various sectors of the local economy, and meet certain socio-economic objectives.

E MONETARY proposals ounced in the recent Malay- Budget represent by far the t significant measures taken the Government in recent rs to promote a regional ncial centre and commodity ket in Kuala Lumpur.

hese include doing away with 15 per cent withholding tax, ing interest rates, and the oduction of two new mone- instruments, bankers' accep- es and negotiable certifi- s of deposits.

oreign bankers have often cised the Malaysian monetary orities for their conserva- , and bemoan the fact that la Lumpur is far behind s like Hong Kong and Singa- in the provision of financial ices.

ut Bank Negara, the Malay- central bank, has made it n that it is not interested in noting Kuala Lumpur into a ncial centre to rival Hong g and Singapore, whose nomics are linked closely to r status as financial centres. he central bank's philosophy at the Malaysian banks must e, and grow together with, ous sectors of the Malaysian nomy in an orderly manner, well as fulfil certain socio- nomic objectives demanded them by the Government's -economic policy.

e monetary proposals made he Finance Minister, Tengku aleigh, serve to underline philosophy.

s Tengku Razaleigh ex- ned, the 15 per cent with- ling tax on interest payable non-residents discourages ks from making an inter- onal market for the Malay- currency—the ringgit—be- e to do so effectively, banks ad have to maintain ringgit nces in Malaysia, while Malaysian banks have to borrow abroad to fund their foreign exchange operations.

Since such balances and loans are basically short-term, the interest earned attracts withholding tax, which is passed on to Malaysian exporters, making them less competitive. For Government-approved loans of more than three years, the withholding tax does not operate.

One of the Government's objectives is to promote an international commodity market in Kuala Lumpur. Malaysia is the world's biggest producer of rubber, tin, palm oil and tropical hardwoods, and therefore has an excellent base for a commodity exchange.

There is already a rubber market in Kuala Lumpur, and a market for physical tin in Penang. Steps are being taken to develop the Penang tin market to cover futures, and a palm oil exchange is expected to be introduced by the end of next year.

Eventually, these exchanges would either be merged or linked together through a central clearing house, to form a commodity exchange.

But such an exchange could only function effectively if traders were able to quote fine ringgit exchange rates, and for this the removal of the withholding tax is essential.

The withholding tax also places a burden on Malaysian banks and merchant banks in their ability to participate in foreign currency loans for Malaysian institutions and this works to the advantage of foreign banks, which can avoid the tax by borrowing from their overseas branches.

For example, 245m ringgit of the 475m ringgit loan for Sime Darby was raised in Singapore dollars. To participate in that portion of the loan, Malaysian banks would be subjected to withholding tax, which would be passed on to Sime Darby. Therefore Sime had to take the business to the Singapore banks.

The withholding tax is lifted only on interest payable to non-resident banks, and not non-resident individuals or companies. This is to prevent the inflow of speculative funds into the Malaysian economy.

Of even greater significance to the development of a financial centre is the freeing of the interest rates of commercial banks—the last leg of the Government's free rates exercise.

Finance companies were freed in their rate quotations in August, 1973, and this was followed closely by the freeing of rates for Treasury bills.

Commercial banks will now fix their own interest rates, instead of the central bank. However, interest rates for loans to the "priority" areas, such Malays, and small businesses, will still come under Government directive.

The pressure is now on the small local banks. In the past, Bank Negara had shielded them from competition by fixing rates and refusing foreign banks permission to open new branches.

In doing so, the central bank has been nudging the small local banks to merge and to take in foreign partners, so that they could improve their management and compete more strongly.

Many local banks have done so. Pacific Bank, the small Malaysian bank which was sold to Sime Darby's chairman, Tun Tan Siew Sin, by the big Singapore bank, Oversea Chinese Banking Corporation, recently took American Express as a partner with a 20 per cent equity holding.

The small Sarawak-based Bian Chiang Bank, which was purchased by Fleetprin Holdings (the biggest Malaysian newspaper group) has taken Morgan Guaranty as a 30 per cent partner.

But there are still some small Chinese banks which insist on retaining their identity and family control. They will now have to pay the price for their stand.

"We have protected the small banks for many years. We cannot let them hinder the development of our banking system," says a senior Bank Negara official.

With the freeing of interest rates, foreign banks need not have so many branches to compete for deposits. "What I can do now is to fly to East Malaysia and win the major accounts by offering a more attractive interest rate," comments an American banker.

With the interest rate now free, the two monetary instruments, bankers' acceptance and negotiable certificates of deposits, could be introduced next year. These monetary instruments will help to stimulate and broaden the money market, and, more important, allow the authorities to mobilise private savings more effectively.

Malaysian companies, like the national oil company Petronas, with sizeable funds abroad, would be encouraged to invest their funds within the country through the use of such monetary instruments.

Another monetary reform is the change in the structure of bank liquidity. Currently, local banks with large surplus deposits lend them to foreign banks, but have to bear the burden of meeting the requirements of statutory reserves and liquidity ratios on these deposits. This anomaly will be rectified, so that the user of such funds has to meet the statutory requirements.

It is also proposed to bring the merchant banks within a legal framework of control. Merchant banks in Malaysia have been operating under a set of guidelines from Bank Negara, and it is felt that legal controls should now operate on them under the Banking Act, 1973.

With these reforms the Malaysian banking scene can be expected to be more lively, and competitive, although the central bank will be watching to see that the competition is open, and does not generate into a free-for-all.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against 30 various currencies on October 23, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

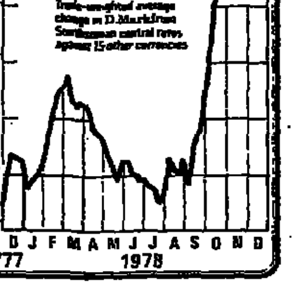
Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
Afghanistan Afghani	75.00	Ecuador ... Sucre	(O) 52.11 / (F) 56.04	Liecht'nstn ... Swiss Franc	3.0825	Romania ... Leu	(cm) 8.49 / (nc) 22.79
Albania ... Lek	10.4616	Egypt ... Egyptian £	(O) 0.7600 / (T) 1.6600	Luxembourg . Lux Franc	56.80	Rwanda ... Rwanda Franc	180.870
Algeria ... Dinar	8.5278	Ethiopia ... Ethiopian Birr	(P) 4.3489	Macao ... Pataca	10.7156	St. Christopher (S) ... E. Caribbean $	5.6725
Andorra ... French Franc / Spanish Peseta	8.5650 / 141.75	Eq'l Guinea Peseta	141.75	Madeira ... Portug'seEscude	90.6	St. Helena ... St. Helena £	1.0
Angola ... Kwanza	n.a.	Falkland Is. (S) Falkland Is £	1.0	Malagasy Rp. MG Franc	419¼	St. Lucia ... E. Caribbean $	5.6725
Antigua (S) ... E. Caribbean $	5.6725			Malawi (S) ... Kwacha	1.6055	St. Pierre ... C. F. A. Franc	419¼
				Malaysia (S) ... Ringgit	4.4050		
[illegible]		[illegible]		[illegible]		[illegible]	

* That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports. ** Rate is the Transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate.

Currency, Money and Gold Markets

Dollar falls in quiet trading

The pattern of events in yesterday's foreign exchange market showed little change from the previous week. After seeing its best level in early trading, the dollar fell steadily against most currencies despite further intervention by major central banks. The most active support was given by the Swiss and West German banks but this did not prevent the U.S. unit reaching further record levels. Against the D-mark it closed at DM 1.7232½ compared with DM 1.7600 on Friday. The best level for the D-mark was



DM 1.7200. Similarly the Swiss franc rose to SwFr 1.4650 at one point before closing at SwFr 1.4693 against SwFr 1.5045.

After reaching record levels in Tokyo, the Japanese yen continued to improve and finished at Y177.05 from Y178.90. The French franc broke through FFr 4 to close at FFr 3.9950 compared with FFr 4.0600.

Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to an all-time record of 13.6 per cent against 12.6 per cent on Friday.

Sterling improved against the dollar and other currencies although not against the D-mark or the Swiss franc. The pound opened at $2.0810 and touched its best level around 10.30 am at $2.1015. Trading remained at a generally low level and at the close sterling was quoted at $2.0985-2.0995, a rise of 3.6c from Friday.

On Bank of England figures, the pound's trade weighted index rose to 63.2 from 62.9, having stood at 63.2 at noon and 63.3 in early dealings.

NEW YORK—The dollar continued under pressure in New York and closed generally below earlier levels in European trading. Against the D-mark the dollar closed at DM 1.7150-60, it was lower against the Yen, at Y176.60-80, the Swis franc SwFr 1.4690-1.4720 and against sterling $2.1040-50.

FRANKFURT—Confusion and two prevailing factors as the uncertainty appeared to be the dollar fell to a record fixing of DM 1.7255 compared with Friday's fixing of DM 1.7610. Trading was generally slow ahead of the fixing at which time the Bundesbank gave support to the dollar by buying some $30m. However, basic sentiment remained unchanged with little hope of any recovery by the U.S. unit.

PARIS—The dollar was fixed at FFr 3.9875 against FFr 4.0405 on Friday. This is the first time that the U.S. unit has fallen below FFr 4 for almost 3½ years, and represents a depreciation of around 14.6 per cent since the beginning of the year.

BRUSSELS—At the fixing the dollar stood at BFr 27.14, a further record compared with Friday's level of BFr 27.7325. At one point the U.S. currency touched BFr 26.95 earlier in the day. The Belgian Central Bank was reported to have bought around $10m at the fixing as well as giving some support in earlier trading. Further rises in short term Belgian interest rates helped push the D-mark down to BFr 15.7030 from BFr 15.73975 previously.

MILAN—In line with the general trend in other centres, the dollar was sharply lower against the lira and was fixed at L788.05 against L795.80 previously. However, the lira fell to an all-time low in terms of the D-mark at L455.67 from Friday's L452.24 while the Belgian franc and Dutch guilder also touched record levels.

TOKYO—The U.S. dollar continued to decline against the yen and finished at a record closing low of Y178.475. This was compared with Friday's close of Y179.60. The U.S. currency touched Y178.95 at one point after a little demand materialised for contract settlements. However, this soon dried up and the downward trend continued once more, with a low for the day of Y178.30. Official intervention was conspicuous by its absence, leaving the market almost bereft of buyers.

THE POUND SPOT

Oct. 30	Bank rate %	Day's spread	Close
U.S. $	8½	2.0810-2.1015	2.0985-2.0995
Canadian $	10¼	2.4480-2.4665	2.4560-2.4570
Guilder	6½	3.90½-3.95½	3.91½-3.92½
Belgium F	6	56.60-57.25	56.75-56.85
Danish K	8	10.05-10.10	10.05-10.06
D-Mark	3	3.60-3.64	3.61½-3.62½
Port. Esc.	18	89.80-91.30	90.40-90.80
Span. Pes.	8	141.00-141.80	141.70-141.80
Lira	10½	1,648-1,656	1,653½-1,654½
Nrwgn. K.	7	9.76-9.85	9.77½-9.78½
French Fr.	9½	8.32-8.38½	8.38-8.39
Swedish Kr.	6½	8.57-8.66	8.57½-8.58½
Yen	3½	368-376	371-373
Austria Sch	4½	26.50-26.65	26.55-26.65
Swiss Fr.	1	3.07½-3.15	3.07½-3.08½

Belgian rate is for convertible francs. Financial franc 59.95-60.05.

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
U.S. $	0.15-0.05c pm	0.57	0.47-0.37c pm	0.80
Canadian $	0.25-0.15c pm	0.98	0.95-0.80c pm	1.01
Guilder	1c pm-par	1.58	2½-1½c pm	1.51
Belgium F	5c pm-10c dis	-0.53	75c pm-par	0.55
Danish K	6-9 ore dis	-8.64	14½-16½ ore dis	-6.27
D-Mark	2⅞-1⅞ pf pm	7.87	8-7½ pf pm	8.25
Port. Esc.	50-150 c. dis	-13.24	150-550 c. dis	-11.04
Span. Pes.	200-300 c. dis	-21.16	500-620 c. dis	-15.80
Lira	5-7 lire dis	-4.32	14-15 lire dis	-3.34
Nrwgn. K.	1½-3½ ore dis	-3.57	7½-9½ ore dis	-3.48
French Fr.	6½-2½ c. pm	3.93	7½-6½ c. pm	3.44
Swedish Kr.	2-2½ ore dis	-2.45	ore pm-1½ dis	-0.35
Yen	3.35-3.05 y pm	10.82	8.53-8.00 y pm	8.84
Austria Sch	12-2 gro pm	3.16	32.22 gro pm	4.06
Swiss Fr.	3-2 c. pm	9.73	9½-8½ c. pm	11.35

Six-month forward dollar 0.95-0.55c pm. 12-month 2.60-2.45c pm.

THE DOLLAR SPOT

October 30	Day's spread	Close
Canad'n $*	84.99-85.46	85.42-85.46
Guilder	1.8640-1.8910	1.8640-1.8660
Belgian Fr	27.10-27.32	27.12-27.14
Danish Kr	4.7915-4.8305	4.7915-4.7930
D-Mark	1.7225-1.7415	1.7225-1.7240
Port. Esc	43.00-43.50	43.00-43.35
Span. Pta	67.49-67.75	67.49-67.54
Lira	787.50-790.90	787.90-788.40
Nrwgn. Kr	4.6580-4.7120	4.6580-4.6600
French Fr	3.9725-4.0115	3.9850-3.9925
Swedish Kr	4.0940-4.1320	4.0940-4.0950
Yen	177.00-177.85	177.00-177.20
Austria Sch	12.62-12.67	12.66-12.67
Swiss Fr	1.4660-1.5060	1.4660-1.4710

* U.S. cents per Canadian $.

FORWARD AGAINST $

	One month	% p.a.	Three months	% p.a.
Canad'n $	Par-0.02c pm	0.14	0.07-0.20c pm	0.39
Guilder	0.15c dis-par	-0.48	0.45-0.30c pm	0.80
Belgian Fr	0.02-0.05c pm	1.55	0.02-0.06c pm	0.59
Danish Kr	3.80-4.30ore dis	-10.14	9.30-9.80ore dis	-7.97
D-Mark	1.07-0.97pf pm	7.18	3.21-3.11pf pm	7.33
Port. Esc	35-130c dis	-29.88	130-500c dis	-29.18
Span. Pta	100-120c dis	-19.55	285-310c dis	-17.24
Lira	3.0-4.0lire dis	-5.33	9.0-11.0lire dis	-5.07
Nrwgn. Kr	1.40-1.90ore dis	-4.25	4.90-5.40ore dis	-4.42
French Fr	1.00-0.80c pm	2.71	2.20-2.00c pm	2.11
Swedish Kr	0.60-0.80ore dis	-2.05	0.85-1.05ore dis	-0.93
Yen	1.52-1.42y pm	9.96	3.75-3.65y pm	8.36
Austria Sch	4.50-3.50gro pm	3.79	11.75-9.25gro pm	3.32
Swiss Fr	1.35-1.25c pm	10.63	4.05-3.95c pm	10.90

CURRENCY RATES

October 30	Special Drawing Rights	European Unit of Account
Sterling	0.644162	0.690259
U.S. dollar	1.34939	1.44596
Canadian dollar	1.58014	1.70094
Austrian schilling	17.0597	18.2770
Belgian franc	36.6224	39.2406
Danish krone	6.48382	6.95035
Deutsche Mark	2.33242	2.49994
Guilder	2.52673	2.70815
French franc	5.38089	5.76292
Lira	1063.32	1139.63
Yen	240.866	255.986
Norwegian krone	6.32864	6.74701
Peseta	91.0717	97.5942
Swedish krona	5.56421	5.94555
Swiss franc	2.08037	2.15194

CURRENCY MOVEMENTS

October 30	Bank of England Index	Morgan Guaranty changes %
Sterling	63.25	-41.5
U.S. dollar	78.71	-13.6
Canadian dollar	78.54	-18.1
Austrian schilling	149.70	+17.2
Belgian franc	116.78	+16.6
Danish krone	120.72	+3.1
Deutsche Mark	153.35	+43.4
Swiss franc	209.91	+95.8
Guilder	125.75	+21.6
French franc	100.85	-5.6
Lira	54.76	-49.3
Yen	158.86	+56.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Oct. 30	£	$		£ Note Rates
Argentina Peso	1,880-1,884	895.66-897.57	Austria	26.00-26.18
Australia Dollar	1.7640-1.7690	0.8404-0.8428	Belgium	58.00-59.00
Finland Markka	7.9316-7.9356	3.7955-3.7975	Denmark	10.00-10.15
Brazil Cruzeiro	40.55-41.55	19.32-19.79	France	8.30-8.40
Greek Drachma	72.003-73.762	34.30-35.14	Germany	3.60-3.70
Hong Kong Dollar	9.88-9.90½	4.7280-4.7320	Italy	1630-1680
Iran Rial	144-150	70.40-70.70	Japan	368-378
Kuwait Dinar (KD)	0.550-0.560	0.26200-0.26588	Netherlands	3.87-3.97
Luxembourg Franc	56.75-56.85	27.04-27.07	Norway	9.75-9.85
Malaysia Dollar	4.2930-4.4130	2.1245-2.1265	Portugal	88-104
New Zealand Dollar	1.9046-1.9116	0.9074-0.9107	Spain	145-149
Saudi Arabia Riyal	6.72-6.82	3.24-3.25	Switzerland	3.08-3.18
Singapore Dollar	4.3775-4.3975	2.1155-2.1165	United States	2.095-2.1150
South African Rand	1.8128-1.8394	0.8636-0.8763	Yugoslavia	41.50-43.50

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Oct. 30	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.099	3.620	372.0	8.385	3.083	3.918	1654	2.457	56.80
U.S. Dollar	0.476	1.	1.775	177.2	3.995	1.469	1.866	788.0	1.170	27.06
Deutsche Mark	0.276	0.580	1.	102.8	2.316	0.852	1.082	456.9	0.679	15.69
Japanese Yen 1,000	2.688	5.642	9.731	1000.	22.54	8.286	10.53	4446.	6.605	152.7
French Franc 10	1.193	2.503	4.317	443.6	10.	3.676	4.672	1973.	2.930	67.74
Swiss Franc	0.324	0.681	1.174	120.7	2.720	1.	1.271	536.6	0.797	18.43
Dutch Guilder	0.255	0.536	0.924	94.96	2.140	0.787	1.	422.2	0.627	14.50
Italian Lira 1,000	0.605	1.269	2.189	224.9	5.070	1.864	2.369	1000.	1.485	34.34
Canadian Dollar	0.407	0.854	1.474	151.4	3.413	1.255	1.595	673.3	1.	23.12
Belgian Franc 100	1.761	3.695	6.373	654.9	14.76	5.427	6.897	2912.	4.325	100.

EURO-CURRENCY INTEREST RATES*

Oct. 30	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	9⅝-10	9-9¼	8¾-9¼	7½-8½	par-⅛	2¼-2½	7-7¼	10-15		-3-1
7 day's notice	10½-10¾	9⅛-9⅜	8½-9½	7½-8½	par-⅛	2⅝-2⅞	7-7¼	13-15	9⅛-9¼	-1¼-¼
Month	10⅞-11⅛	10¼-10½	9½-10½	8⅜-8⅝	par-⅛	3⅛-3⅜	7-7½	14½-15½	9⅝-9⅞	¼-⅝
Three months	12-12⅛	10⅞-11⅛	10¼-10⅝	9⅝-9⅞	⅛-¼	3⅝-3⅞	8⅞-9⅛	15-17	10⅞-10⅞	2⅛-2¼
Six months	12⅛-12⅜	11⅛-11⅜	10¼-10⅝	8¾-9	¼-⅜	3⅜-3⅝	9⅝-10⅛	15½-16½	11¼-11⅜	3⅛-3⅜
One year	12⅞-13⅛	11⅛-11⅜	10¼-10⅝	8⅜-8⅝	⅜-⅝	3⅝-3⅞	10⅞-11⅛	15¼-16¼	11¼-11⅜	3¼-3⅜

The following nominal rates were quoted for London dollar certificates of deposit: one month 9.70-9.80 per cent; three months 10.90-11.00 per cent; six months 11.40-11.50 per cent; one year 11.40-11.50 per cent.

Long-term Eurodollar deposits: Two years 10⅞-10⅞ per cent; three years 10½-10⅝ per cent; four years 10½-10⅝ per cent; five years 10-10½ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two-day call for guilders and Swiss francs. Asian rates for closing rates in Singapore.

INTERNATIONAL MONEY MARKET

$ turmoil hits money markets

Short-term money remained in abundant supply in the Frankfurt money market yesterday, reflecting technical factors at the end of the month, with banks still very liquid with funds after fulfilling October's minimum reserve requirements of around DM 48bn.

Call money fell to 2.00-2.50 per cent yesterday, compared with 2.90-3.00 on Friday, while fixed period rates showed much smaller mixed changes.

Less than two weeks ago the minimum reserve requirements were raised by 9 per cent, to take an estimated DM 4bn out of the banking system, as intervention in the foreign exchange market by the Bundesbank, fed through to the domestic market in the shape of surplus funds.

Figures published by the authorities last Thursday indicated that the Bundesbank's currency reserves rose by double the amount in the first three weeks of October as in the whole of September. The scale of intervention last week and yesterday will make the month's final figures much higher.

The current turmoil in foreign exchange markets was also illustrated by a further rise in rates on short-term Belgian Treasury bonds, as the Belgian National Bank continues its policy of increasing interest rates to support the franc against the very strong D-mark within the European currency snake. Rates on one-month and two-month bonds were raised by ½ per cent to 10½ per cent, and three-month bonds rose by the same amount to 10 per cent. The previous increase was on October 24. One of the central bank's two key lending rates was raised on October 11, when the Lombard rate went up to 8½ per cent from 6 per cent. The discount rate remained at 6 per cent.

NEW YORK—Interest rates remained very firm, with 13-week Treasury bills rising to 8.26 per cent from 7.88 per cent. Despite rising yields there was a heavy demand for bills as stock prices fell sharply on Wall Street. Other bill rates were also firmer, 26-week bills rising to 8.73 per cent.

Federal funds were fairly steady at around 9⅛ per cent in morning trading, while First National Bank of Chicago followed most major U.S. banks in lifting its prime rates to 10¼ per cent from 10 per cent.

GOLD

Record level

Gold closed sharply higher in the bullion market yesterday at $244¼-245¼, a rise of $10¾ on the previous close. The metal's movement was once again a reflection of the continuing poor performance by the dollar and at one point it touched $246¾-247¾. The morning fixing of $241.30 was surpassed by an afternoon fixing of $242.75, after an opening level of $239-239¾.

	Oct. 30	Oct. 27
Gold Bullion (a fine ounce)		
Close	$244¼-245¼	$234-234½
Opening	$239-239¾	$232¾-233¼
Morning fixing	$241.30 (£114.952)	$234.15 (£115.115)
Afternoon fixing	$242.75 (£115.676)	$234.60 (£115.329)
Gold Coins domestically		
Krugerrand	$252¾-254¾ (£120¼-121¼)	$234-245 (£117¼-118¾)
New Sovereigns	$68-70 (£32½-33½)	$66½-68½ (£32¼-33¼)
Old Sovereigns	$67½-69½ (£32¼-33¼)	$64½-66½ (£31-32)
Gold Coins Internationally		
Krugerrand	$252-254 (£120-121)	$242-244 (£117½-118½)
New Sovereigns	$66½-68½ (£31½-32½)	$63¼-65½ (£30½-31½)
Old Sovereigns	$67½-69½ (£32¼-33¼)	$64½-66½ (£31-32)
$20 Eagles	$322-327	$314-317
$10 Eagles	$175-180	$167-172
$5 Eagles	$110-115	$108-113

In Paris the 12½ kilo bar was fixed at FFr 31,090 per kilo ($242.51 per ounce) compared with FFr 31,000 ($243.33) in the morning and FFr 30,920 ($238.01) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM13,400 per kilo ($241.62 per ounce) against DM13,335 ($236.00) previously.

UK MONEY MARKET

Nervous trading

Bank of England Minimum Lending Rate 10 per cent (since June, 1978)

Conditions remained nervous in the London money market yesterday in the face of rising interest rates in New York and caution about the future economic situation in the UK. The authorities tended to keep matters as calm as possible however, and poured oil on troubled waters by being generous in any assistance given to the discount houses.

At the same time the houses were only too happy to sell paper in the present circumstances, particularly after the large Treasury bill tender on Friday.

The original forecast from the Bank of England pointed towards a more acute shortage of day-to-day money than finally developed, and their assistance, on a very large-scale, was probably more than indicated by the underlying factors.

The help was given by purchases of a very large amount of Treasury bills from the houses and a small number of local authority bills.

Banks brought forward surplus balances from Friday, and the market was also helped by an excess of Government disbursements over revenue payments to the Exchequer. These were outweighed by a fairly heavy net take-up of Treasury bills and an increase in the note circulation. Discount houses paid 9½-9¾ per cent for secured call loans, and closing balances were taken at 8-9 per cent.

In the interbank market overnight loans opened at 10-10¼ per cent, and eased to 8-8½ per cent in the afternoon, before falling sharply to 5 per cent at the close.

LONDON MONEY RATES

Oct. 30 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	5-10¼	—	—	—	10⅛-10½	8-9¾	—	—	—
2 days notice	—	—	10-10⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	10⅜-10½	—	—	—	—
7 days notice	—	9⅞-10⅜	10-10¼	—	10½	—	9⅛-9⅝	—	—	—
One month	10[illegible]-10[illegible]	10¼-10½	10⅛-10¼	10¼-10⅝	10⅝	10⅝	9⅞	10⅛-10¼	10⅛	11⅛
Two months	[illegible]	10⅝-10⅞	—	10½-10⅞	11	—	10	10⅛	10⅝-10⅞	11¼
Three months	11-[illegible]	11-11¼	10⅝-11	10¾-11⅛	11¼	10½	10⅝	10⅜	10⅞-10⅞	11⅜
Six months	11[illegible]-11⅛	11[illegible]-11⅛	10⅞-11⅛	11-11⅜	11⅛	—	—	—	11⅛-11⅜	11⅛
Nine months	11⅛-11⅛	11[illegible]-11⅛	—	11-11½	11¾	—	—	—	—	—
One year	11½-11⅞	11[illegible]-11½	10⅞-11⅛	11-11⅛	11¾	—	—	—	—	—
Two years	—	—	11⅞-12	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 12-12½ per cent; four years 12½-12⅝ per cent; five years 12½-12⅝ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 11⅛-11⅛ per cent; four-month trade bills 11½ per cent.

Approximate selling rates for one-month Treasury Bills 9⅞ per cent; and two-month 10⅛ per cent; three-month 10½ per cent. Approximate selling rate for one-month bank bills 10⅛-10¼ per cent; two month 10⅜-10⁹⁄₁₆ per cent; and three-month 10¹¹⁄₁₆-10⅞ per cent; one-month trade bills 11 per cent; two-month 11⅛ per cent; and also three-month 11½ per cent.

Finance House Base Rates (published by the Finance House Association) 9½ per cent from October 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice 6.7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bill: Average tender rates of discount 10.2846 per cent.

MONEY RATES

NEW YORK

Prime Rate	10-10.25
Fed Funds	9.3125
Treasury Bills (13-week)	8.26
Treasury Bills (26-week)	8.73

GERMANY

Discount Rate	3
Overnight	2.25
One month	3.45
Three months	3.45
Six months	4.05

FRANCE

Discount Rate	9.5
Overnight	7
One month	7
Three months	7.375
Six months	7.5625

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.25
Bills Discount Rate	4.625

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Blue Chip rally arrests Wall St. slide

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A FURTHER steep slide occurred on Wall Street in very active early trading yesterday, but this was later cushioned by a sharp technical rally in Blue Chip and Glamour issues.

The Dow Jones Industrial Average, following a fresh fall of 17.07 to 788.98 at 11.00 am rebounded to close a net 5.80 up at 811.85. The NYSE All Common Index finished 13 cents firmer on balance at $52.65, after a day's low of $51.20, while losses finally outscored gains by 1,293 to 435 after an initial 10-to-one ratio lead.

Turnover expanded to 59.48m shares, the third heaviest day's volume on record and compared with 40.55m last Friday.

Further sharp erosion of the dollar and prospects that inflation will not be brought under control without a long-term fight were reasons cited for the fresh early stock market fall.

Analysts said, however, that a major factor in the downward spiral of secondary issues on heavy volume has been margin calls, where brokers ask investors to put up more cash to boost collateral in credit accounts or sell some stock.

They added that the market was paying the price for being over-optimistic in the spring and summer about when inflation would top out and interest rates would peak.

They said that President Carter's message last week and comments by Administration officials since have brought home the view that controlling inflation will be a long-term process.

Treasury Secretary Blumenthal and newly-named inflation fighter Alfred Kahn stated over the weekend that it will take quite a while to get inflation down to reasonable levels.

Larry Wachtel, of Bache Halsey Stuart Shields, said the dollar has become a "report card" for the anti-inflation effort and analysts do not expect it to revive, except for technical gains, without some sign of success against inflation.

IBM regained 2¾ to $272¼. **Du Pont** 2¼ to $126, **Polaroid** $1 to $46¼ and **Eastman Kodak** 1¼ to $58¼.

Among the actives, **Boeing** rose 3¼ to $60, and **UAL** $1 to $32¼. UAL has taken options to buy 60 Boeing jetliners and also reported sharply higher third-quarter profits and increased its forecast for 1978 airline industry traffic.

Lockheed advanced 2¼ to $20¼. **Delta Airlines**, down ¼ at $40¼, has ordered five Lockheed L-1011 TriStar jets and taken options on 15 more for a package valued at more than $500m.

General Dynamics moved ahead 4¼ to $68¼ and **McDonnell-Douglas** $1 to $28¼.

General Motors, which reported higher third-quarter profits but said its nine-month margins trailed the 6 per cent average of the past 20 years, slipped ¼ to $61.

Wheelabrator-Frye lost 1¼ to $30¼, but **Neptune International** climbed 2¼ to $21¼. **Wheelabrator** has agreed to improved terms for its acquisition of Neptune.

AMERICAN SE prices fell in the second-heaviest trading volume on record. The Amex index receded 2.58 more to 138.73, while turnover rose to 11m shares from last Friday's 6.49m. The record turnover was 11.36m shares, recorded on December 31, 1968.

Allied Artists topped the actives list and rose ¼ to $4¼.

Total Petroleum lost ¼ to $10¼ despite reporting higher third-quarter profits. **Research-Cottrell** fell 1¼ to $16¼ and **National Spinning** 1¼ to $3¼.

Canada

Markets followed the Wall Street trend and partly retrieved an early fresh setback in busy trading. The Toronto Composite Index, down 13 points more at mid-session, picked up to close only 3.2 off on balance at 1,220.7. Golds weakened a further 34.7 to 1,485.6, while Oils and Gas shed 10.5 to 1,489.2, but Banks regained 1.54 to 292.49 and Metals and Minerals 2.3 to 1,084.8.

MacMillan Bloedel rose C$1 to C$23¼ on announcing an extra dividend, an increased regular quarterly payment and higher third-quarter net profits.

Ford Motor of Canada, which reported a third-quarter loss on Friday, fell 3¼ to C$77¼.

Tokyo

Late profit-taking erased most of an early fresh stock market advance yesterday in reduced but still active trading. The Nikkei-Dow Jones Average, after reaching a new record peak of 5,954.06 in the morning session, subsequently came back to close only 6.70 firmer on the day at 5,926.82. Volume 400m shares (600m).

Many shares rose initially on sustained buying by institutional and other investors, but recently well-favoured sectors, such as Fisheries, Foods, Textiles, Chemicals and Real Estates, closed lower on balance after profit-taking took its toll.

Export-orientated Electricals, Cameras and Vehicles finished higher, however, on "cheap" buying despite the yen's fresh appreciation in Tokyo. **Sony** rose Y40 to Y1,390, **Nippon Columbia** Y43 to Y698, **Nissan Motor** Y5 to Y660, **Toyota Motor** Y14 to Y850 and **Honda Motors** Y26 to Y484.

Constructions, small-sized Steels, Machines and Retail Stores also held gains in active trading.

Casio moved ahead Y35 to Y885, **Nippon Shinpan** Y20 to Y785 and **Sekisui Prefab** Y25 to Y970.

Germany

Share prices reacted sharply across a broad front, partly undermined by foreign investor selling of holdings to capitalise on foreign exchange gains. The Commerzbank index came back 17.6 to 823.6.

Brokers said the market, already unnerved by the fall of the dollar, was caught nonetheless by surprise with the sell-off by foreign holders. Lively trading ensued, with professional selling also in evidence.

Hardest hit sectors were Stores and Machines, two favourites in the market's upsurge over the past two months. Among Machines, **GHH** fell DM 6, **Demag** DM 4, and **Linde** DM 6. In Stores, **Horten** declined DM 6, **Karstadt** DM 8 and **Neckermann** DM 3.40.

MAN retreated DM 15, **Holzmann** DM 14, **Lahmeyer** DM 16, **BMW** DM 3.20, **Hoechst** DM 4.50, **Bayerische Vereinsbank** DM 10.50 and **Deutsche Bank** DM 6.

Public Authority issues lost up to 45 pfennigs, with the Bundesbank purchasing DM 3.3m nominal of stock. Mark Foreign Loans, however, were firmer-inclined.

Paris

The market lost further ground in all sectors, unsettled by the dollar's fall below FFr 4, which operators see as a threat to French export competitiveness.

Ferodo were FFr 20 down at FFr 480 and **Machines Bull** FFr 1.10 lower at FFr 55.70 after both announced capital rises.

Carrefour and **Pernod-Ricard** led Foods lower, while **Printemps** were notably weaker in Stores, as were **Creusot-Loire** in Metals.

Chiers Chatillon and **Rhone-Poulenc**, FFr 5.90 down at FFr 118.60, were temporarily unquoted due to an influx of selling orders.

Bouygues fell FFr 41 to FFr 820, **Jaques Borel** FFr 12.50 to FFr 150.00 and **Skis Rossignol** FFr 31 to FFr 1,770, but **BSN Gervais Danone** rose Fr 11 to FFr 595.

Hong Kong

Market moved sharply forward in active trading ahead of a Crown land sale, held yesterday. Stocks tended to close below the day's best, although the Hang Seng index recorded an advance of 15.01 at 688.32.

Hong Kong Bank rose 40 cents to HK$20.90, while **Hong Kong Land** and **Hutchison Whampoa** added 30 cents apiece at HK$12.30 and HK$6.75 respectively. **Swire Pacific** put on 20 cents to HK$10.70, **Jardine Matheson** 10 cents to HK$17.40 and **Wheelock** 7.5 cents to HK$3.65.

Hang Seng Bank gained HK$10 to HK$204, **Hong Kong Wharf** 50 cents to HK$39.25, **Cheung Kong** 30 cents to HK$14.70 and **Hong Kong Electric** 15 cents to HK$8.00.

Sun Hung Kai Properties advanced 40 cents to HK$10.60 and **City and Urban** 4 cents to HK$1.56, but **Hong Kong Land** nil-paid Loan stock with Warrants fell HK$4.50 to HK$14.00.

Australia

The weakening trend continued yesterday, with market leader **BHP** retreating 12 cents more to A$7.88.

Bank of NSW fell 40 cents further to A$7.04

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ◆ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

† Bid. ‡ Asked. § Traded. ‖ New stock.

CANADA

GERMANY ♦

Oct. 30	Price Dm.	+ or —	Div. %	Yld. %
AEG	85.3	—2.1	—	—
Allianz Versich.	492	—2	31.2	3.2
BMW	222.0	—5.2	28.08	6.4
BASF	133.2	—4.5	18.76	7.0
Bayer	138.7	—4.3	18.75	6.7
Bayer. Hypo.	311.5	—7.0	88.12	4.5

TOKYO ¶

Oct. 30	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	350	—6	14	2.0
Canon	431	—4	12	1.4
Casio	885	+35	25	1.5
Chinon	396	+6	20	2.5
Dai Nippon Print	569		18	1.5
Fuji Photo	532	—7	15	1.4

AUSTRALIA

BRAZIL

OSLO

JOHANNESBURG

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ♣

PARIS

COPENHAGEN ♣

STOCKHOLM

MILAN

VIENNA

SPAIN ♥

Securities Rand US$0.70 (Discount of 39.1%)

EUROPEAN OPTIONS EXCHANGE

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hill Samuel	§10 %
Allied Irish Banks Ltd.	10 %	C. Hoare & Co.	†10 %
American Express Bk.	10 %	Julian S. Hodge	11 %
Amro Bank	10 %	Hongkong & Shanghai	10 %
A P Bank Ltd.	10 %	Industrial Bk. of Scot.	10 %
Henry Ansbacher	10 %	Keyser Ullmann	10 %
Banco de Bilbao	10 %	Knowsley & Co. Ltd.	12 %
Bank of Credit & Cmce.	10 %	Lloyds Bank	10 %
Bank of Cyprus	10 %	London Mercantile	10 %
Bank of N.S.W.	10 %	Edward Manson & Co.	11½%
Banque Belge Ltd.	10 %	Midland Bank	10 %
Banque du Rhone	10½%	■ Samuel Montagu	10 %
Barclays Bank	10 %	■ Morgan Grenfell	10 %
Barnett Christie Ltd.	11 %	National Westminster	10 %
Bremar Holdings Ltd.	11 %	Norwich General Trust	10 %
Brit. Bank of Mid. East	10 %	P. S. Refson & Co.	10 %
■ Brown Shipley	10 %	Rossminster	10 %
Canada Perm't Trust	10 %	Royal Bk. Canada Trust	10 %
Cayzer Ltd.	10 %	Schlesinger Limited	10 %
Cedar Holdings	10½%	E. S. Schwab	11½%
■ Charterhouse Japhet	10 %	Security Trust Co. Ltd.	11 %
Choulartons	10 %	Shenley Trust	11 %
C. E. Coates	10 %	Standard Chartered	10 %
Consolidated Credits	10 %	Trade Dev. Bank	10 %
Co-operative Bank	*10 %	Trustee Savings Bank	10 %
Corinthian Securities	10 %	Twentieth Century Bk.	11 %
Credit Lyonnais	10 %	United Bank of Kuwait	10 %
Duncan Lawrie	10 %	Whiteaway Laidlaw	10½%
The Cyprus Popular Bk.	10 %	Williams & Glyn's	10 %
Eagil Trust	10 %	Yorkshire Bank	10 %
English Transcont.	11 %		
First Nat. Fin. Corp.	11½%		
First Nat. Secs. Ltd.	11 %		
■ Antony Gibbs	10 %		
Greyhound Guaranty	10 %		
Grindlays Bank	†10 %		
■ Guinness Mahon	10 %		
■ Hambros Bank	10 %		

■ Members of the Accepting Houses Committee
* 7-day deposits 7%. 1-month deposits 7¼%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼%, and over £25,000 7½%.
Call deposits over £1,000 7%.
§ Demand deposits 7¼%.

Indices

NEW YORK—DOW JONES

	Oct. 30	Oct. 27	Oct. 26	Oct. 25	Oct. 24	Oct. 23	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials♦	811.85	806.05	821.12	859.21	882.65	852.66	907.74	742.12	1051.70	41.22
H'me B'nds*	88.89	87.24	87.24	87.51	87.51	87.54	88.86	86.75	—	—
Transport	213.04	212.26	217.52	221.81	222.54	224.75	261.49	199.31	279.88	12.23
Utilities	98.87	98.92	100.47	101.85	101.79	102.17	110.98	99.67	163.32	10.58
Trading vol. 000's	59,480	40,550	51,998	31,590	28,880	35,098	—	—	—	—

* Basis of Index changed from Aug. 24 ♦ Day's high 814.36 low 752.06

	Oct. 27	Oct. 20	Oct. 13	Year ago (approx.)
Ind. div. yield %	5.89	5.67	5.92	6.49

STANDARD AND POORS

	Oct. 30	Oct. 27	Oct. 26	Oct. 25	Oct. 24	Oct. 23	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	105.01	104.65	106.66	107.92	108.88	109.93	118.71	95.52	134.64	3.52
§Composite	95.06	94.59	96.03	97.31	97.49	98.12	106.99	86.90	125.85	4.40

	Oct. 25	Oct. 18	Oct. 11	Year ago (approx.)
Ind. div. yield %	5.09	4.93	4.69	4.84
Ind. P/E Ratio	9.05	9.34	9.81	9.12
Long Gov. Bond yield	8.67	8.63	8.56	7.78

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

JOHANNESBURG

MONDAY'S ACTIVE STOCKS

FARMING AND RAW MATERIALS

Indian jute shortage warning

By Our Own Correspondent

CALCUTTA, Oct. 30.

INDIA WILL be experiencing a shortage of raw jute early next year because of the damage to crops caused by the floods in West Bengal and Bihar.

Mr. K. K. Kanoria, chairman of the Indian Jute Mills Association, urged the Government to import a substantial quantity of fibre urgently.

Jute prices in India have risen sharply after the floods, partly on flood damage reports, partly on transport bottlenecks, and partly due to keen demand from the mills, which have very satisfactory order books at present. The quotation for the W5 grade is at present Rs235 per quintal, way above the officially prescribed "ceiling."

Mr. Kanoria, who has just returned from Rome after attending the meeting of the UN Food and Agriculture Organisation's inter-governmental group on jute, kenaf and allied fibres, learnt from some Bangladesh delegates that the jute crop in that country had been reduced by 300,000 bales to 6.5m bales because of the recent floods. The most that Bangladesh would now have available for export was 1.1m bales.

Russia and Norway begin fish talks

By Fay Gjester

OSLO, Oct. 30.

RUSSIA AND Norway started talks here today on the regulation and share-out of two important fisheries—Barents Sea capelin (used mainly for fish meal and oil) and Norwegian Arctic cod.

Russia and Norway have agreed to divide the Norwegian Arctic cod quota on a 50-50 basis. As far as this species is concerned the negotiations will, therefore, concentrate on setting an overall catch quota acceptable to both sides.

There is disagreement between the Russians and Norwegians over capelin regarding both the size of the total permissible catch and the way it should be shared out.

Norway thinks the maximum catch for the present season, which ends next May, should be 1.5m tonnes. The Russians, however, believe on the basis of a recent survey that stocks could support a catch of 1.8m tonnes.

Russia also wants half of whatever permissible catch is agreed, but the Norwegians, who began catching capelin on a large scale before the Russians, believe that they should have 75 per cent.

Metal options trading trial

BY OUR COMMODITIES EDITOR

THE LONDON Metal Exchange plans to introduce a special five minute option trading session each morning for a trial period of three months, starting next Monday, it was announced yesterday.

It is proposed to hold the options trading at 11.55 a.m. just before the start of the normal metals "rings." It is also planned to issue details of current option premiums twice a week.

At present, options can be traded in any of the metal "rings" but it is often difficult to do so in busy conditions. Dealing has therefore tended to be concentrated in inter-office trading by telephone.

Some members, however, feel that more business would be generated if there was "open cry" trading.

Mr. Ian Foster, chairman of the Metal Exchange management committee, said that the publication of option premium rates would provide a reference point to help prevent the charging of excessively high premiums.

He also said that the exchange might start giving weekly announcements of aluminium stocks held in the warehouses towards the end of November prior to the first delivery date on January 2—three months after the contract was introduced.

The continued fall in the value of the dollar, and the steep rise in gold, was the main influence on the metal markets yesterday.

Free market platinum jumped by £7.35 to a new all-time peak of £188.65 ($391.50) an ounce. Silver prices also advanced, with the cash price on the London Metal Exchange gaining 7.4p to 300.5p an ounce.

Copper prices moved erratically in line with New York, where the market eventually moved sharply higher. As a result copper cash wirebars in London closed £10.25 up at £752 a tonne.

Aiding the upward trend was the announcement by Asarco in New York that it had declared a 40 per cent cut in November shipments of copper cathodes to European customers from the Ilo refinery in Peru.

As expected, copper stocks held in LME warehouses showed a relatively modest decline last week, falling only 1,625 tonnes to a total of 402,175 tonnes.

There was a larger than anticipated rise in tin stocks, up by 370 tonnes to 2,040 tonnes. However, London market prices were boosted by a rise in Penang to a record M$2,060 a picul over the weekend and trade buying at the lower levels.

As a result cash tin closed £80 up at £7,907.5 a tonne and widened its premium over the three months quotation, which was £37.5 higher at £7,675.

A big rise in zinc stocks—up by 5,600 to 77,450 tonnes—took the market by surprise and kept prices virtually unchanged.

The failure of lead stocks to show any change from the previous total of 32,500 tonnes also caused some surprise, since a decline as a result of shipments out had been predicted. In consequence the cash price was barely changed at £426.5 a tonne, while the three months quotation gained £5 to £413.25.

● Bunker Hill is to raise its price for corroding grade lead by 2 cents a pound to 39 cents, effective immediately.

Egg farmers face crisis

BY RICHARD MOONEY

BRITAIN'S EGG producers are facing their greatest crisis for many years, Mr. John Sainsbury, chairman of Sainsbury's supermarket company, said in Brighton yesterday.

He told delegates to the annual Poultry Industry Conference, of which he is president, that egg farmers' losses were conservatively estimated at £2m a week.

He could offer no easy remedy for this situation, which he blamed mainly on overproduction. "My only words of advice, which are easy to give, hard to follow, and disaster to ignore, are produce what the industry can sell, not sell what the industry can produce."

Mr. Sainsbury thought that increased exports and the culling of older laying hens would offer only short-term benefits while increased advertising would be of limited value.

As a retailer, he saw no benefit in prices which were "an unmitigated disaster" to the producer. Ultimately these would lead to scarcity of supply and equally unacceptable high prices in the next phase of the cycle.

On poultry meat Mr. Sainsbury was a good deal more cheerful. Despite a 4p a lb price increase, consumption had risen by 18 per cent in the first quarter of this year, he said.

Mr. Sainsbury was also pleased at the trend in turkey sales at times other than Christmas. Sales for the May Day holiday were most encouraging, he said.

He expected turkey prices this Christmas to be similar to last year's.

State may take over tea sales

By Our Own Correspondent

CALCUTTA, Oct. 30.

THE Indian Government is considering the takeover and control of tea auction centres in India to check the manipulation of tea prices by brokers in the public auction system, according to Union Minister of State of Commerce, Mr. K. K. Goyal.

The minister has made a statement to this effect to a news agency from Jalpaiguri, which has been published by local financial newspapers here today.

The Government, according to the reported statement of the minister, has ample proof that the brokers manipulate and control tea prices in India.

The Government also wants to discourage the ex-factory sale of tea on a large scale, but it is awaiting the report on the official committee investigating the matter. The committee, whose report is already overdue, is likely to submit its findings on the internal and overseas sales of Indian tea by the end of next month.

● At the London tea auction yesterday, prices for quality tea declined further to 110p a kilo from 150p last week. Medium grade tea was 2p dearer at 119p a kilo while plain tea was unchanged at 85p.

Cocoa market stages rally

By Our Commodities Staff

NEARBY POSITIONS on the London cocoa futures market rose the £40 permissible daily limit yesterday morning as traders reacted against what they saw as an overdone fall on Friday. The March position climbed to £2,014 at one stage before slipping back in the afternoon to end the day £30 higher at £2,004.5 a tonne.

Dealers said there was no fundamental news to encourage the rise, which was backed up by trade buying and speculators covering against earlier "short" sales.

In Accra, meanwhile, Mr. Kwesi Hackman, executive director of the International Cocoa Organisation, said an increased Ghana cocoa producer price (currently 80 cedis per 30 kilos) would encourage farmers not to turn to other cash crops and would discourage smuggling, reports Reuter.

On a two-week visit for talks with the Government on how the cocoa industry can be saved, Mr. Hackman has urged Government leaders to adopt a new strategy so that Ghana's position as a leading cocoa producer is maintained.

METAL MARKET FORUM

Copper loan scheme advance

BY JOHN EDWARDS, COMMODITIES EDITOR

SIGNIFICANT PROGRESS has been made in developing a copper loan scheme to compensate developing countries for the loss of foreign exchange earnings when prices fall too low, Sir Mark Turner, chairman and chief executive of the Rio Tinto Zinc group said yesterday.

Addressing the annual American Metal Market Forum in London, Sir Mark said that a lot of work had been done over the past year, through the International Wrought Copper Council, to develop a stabilisation scheme for copper.

It could, by dealing with the foreign exchange problems of the less developed countries, receive wider acceptance by the mining industry as a whole and, if adopted, apply to other metals as well.

The copper loan scheme offered producers a satisfactory cash flow at times when they cut output to restore market balance between supply and demand. Individual producing companies would agree to cut their exports initially and after three months their production, by specified amounts and for specified periods as long as market prices remained below a defined base price.

In exchange they would receive revenue loans fully offsetting the cost of the cutbacks. The loans would cease when market prices rose above the base price and be repaid when prices rose above a higher repayment level.

The scheme would be monitored by a committee of producer and consumer Government representatives, with industry advisers, and would last for three years. The potential maximum financial exposure of Governments would be about $1bn. The actual liability of the guarantors would be substantially less.

Sir Mark pointed out that most non-renewable mineral resources were being sold at well below—and in some cases as low as half—their replacement costs. It was not economically feasible to open up new mines until supporting forward sales contracts for the metal concerned could be achieved at market prices very much higher than at present.

Gratifying

For most metals there were enough proven orebodies to meet any foreseeable demand for many years ahead, but the time lag needed to bring these into production was at least four to five years.

At some time or other, unless something could be done, there was a danger that consumers would panic, prices soar and the market get out of control. It had happened in 1973 with much less cause and could well happen again, particularly in view of the disturbed political state of many metal-producing areas.

While the immediate effect on the mining industry of sharply increased prices would be gratifying—and perhaps a just reward for a series of lean years, Sir Mark thought it would be a very brief honeymoon and in the long run do more harm than good to the industry.

He doubted whether this situation could be avoided, but said it was worth considering what steps could be taken to produce an orderly rise in prices.

Another speaker at the Forum, Mr. Yoshiteru Suzuki, chairman of Dowa Mining Company, urged that copper producers and consumers should meet in an effort to lift currently uneconomic prices for the benefit of all concerned. Only half the world's current copper mining was justified at prices of 65 cents a lb.

A price of about 80 cents was needed to enable normal mining enterprises to achieve profitability: $1 to $1.20 was required to build a new fully integrated facility from mine to refinery.

However, as demand was growing steadily, a big copper shortage was likely producing a big boom in prices as in 1974.

Mr. E. Allan Wendt, director of the U.S. State Department's office of international commodities, said that the U.S. was prepared to pursue at further UNCTAD meetings its efforts to develop measures to improve the functioning of the copper market.

He regretted that a few of the developing copper exporters, backed by other countries with little direct interest in copper, had succeeded in stalling efforts to establish a consultative body to tackle the technical problems and improve the international flow of information while continuing the search for effective stabilisation measures.

He believed the study group approach to commodity trade should be expanded.

Mr. Bernard de Villemejane, president of the Imetal group, said enormous losses had been suffered by the zinc industry. He claimed that a large proportion of world production had a break even point of between $800 and $900 a tonne, and for several months prices had been one-third below this.

The situation had improved considerably this year, with output down to 70 per cent of capacity. Metal stocks had declined dramatically and would soon be on their way back to normal.

Wool marketing plan updated

MELBOURNE, Oct. 30.

THE AUSTRALIAN Wool Corporation (AWC) has reaffirmed its support for the principles of its 1973 marketing plan, reports Reuter. A review of the proposals published today still envisages the AWC as the sole exporter of Australian wool.

The review, made in the light of changes introduced since 1973, was prepared at the request of the Australian Wool Industry Conference (AWIC), the main wool growers' organisation. The main differences between the 1973 proposals and the present recommendations are continuation of the floor price scheme, grower involvement in financing market protection and preservation of essential handling and distribution functions now performed by brokers, buyers and merchants.

The AWC would offer wool held in Australia for sale by auction or tender. Unsold wool would be available for sale by direct negotiation or could be re-offered at a subsequent auction.

Total supply for a season would comprise unsold AWC stocks plus its projected 90 per cent share of the season's clip.

The flow of wool onto the market would be regulated to match demand, the AWC said.

Corporation stocks would be used to accommodate year-to-year fluctuations in demand, and to a lesser extent, variations in supply.

The AWC would aim to cut down auction centres to Sydney, Melbourne and Fremantle with consequent larger offerings at each centre and lower costs.

Growers would receive a first payment based on the floor price, less costs and the proportionate wool levy, and then a final payment at the end of the season from the AWC's gross trading profit.

Funds required to finance trading operations, first payments, stocks and costs should be between $A450m and $A750m the Corporation estimated.

Six alternative export control proposals, outside the marketing plan, were also reviewed but the Corporation concluded all of them would add to costs.

The reviews have been passed to the wool industry policy committee of the AWIC, which will consult with all sections of the industry before making recommendations.

The corporation's market support fund has earned a profit for the first time since the present system was introduced in 1974, reveals the Australian Wool Corporation's report for 1977-78.

"This means," the AWC says in its annual report, "that the entire amount of $A56m contributed by woolgrowers to the fund during the year goes into the building up of the accumulated credit balance—which at June 30 stood at $A135.3m compared with a year-earlier level of $A78m."

Dai Hayward writes from Wellington: By packing more wool into bales under pressure, the NZ Wool Board has won a concession on shipping freight rates to Europe worth $3.5m a year.

The high density pack bales means that a container will carry nine tonnes of wool instead of seven or eight.

Commodity markets debate urged

TO MAINTAIN the present international market system for commodities, the developed countries may need to ensure that developing countries gain more clearly from its operation.

This is the conclusion of a report* published today by the Trade Policy Research Centre in London.

The developing countries see the present marketing system as unbalanced, and this view is given some support from the detailed examination that is made of commodity markets in this study.

Certainly, the report argues, more substantial problems exist on commodity markets and are of longer standing than the highly political debate on commodities normally acknowledges.

Th study is one of a series examining issues arising from the proposals for the new international economic order.

Analysis of Commodity Markets for Policy Purposes: Trade Policy Research Centre, £3.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Firmer on the London Metal Exchange. Forward metal traded quietly throughout the morning, touching £769.5 reflecting the buoyancy of gold and silver. In the afternoon, however, the price moved erratically in line with Comex, moving ahead to £774, dipping to £769 before closing at £772. Turnover 11,575 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	747.5-8.5	+6.75	751.5-2.5	+9.5
3 months	769-.5	+4.5	773-.5	-10
Settl'm'nt	748.5	+4	—	.....
Cathodes				
Cash	735.5-6	+5.75	740-1	+9.5
3 months	757-.5	+5	761.5-2.5	+10.2
Settl'm'nt	736	+5.5	—	.....
U.S. Smt.	625	.....	*69-71.025	.....

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £769, 9.5, 9, 8.5, 8, 8.5, 9, 9.5. Cathodes, cash £735.5, three months £757. Kerb: Wirebars, three months £769, 9.5, £770. Afternoon: Wirebars, three months £771, 70.5, 71, 71.5, 73, 74, 73.5, 74. Kerb: Wirebars, three months £771, 70, 70.5, 70, 69, 70, 71, 71.5, 72.

TIN—Gained ground. The strength of the Penang market saw forward metal open firmed at £7,665 but profit-taking and a larger than forecast increase in warehouse stocks pared the price to £7,640. However, good buying of cash metal and borrowing of cash caused the backwardation to widen to £235 at one point. In the afternoon hedge selling and chartist selling depressed forward metal to £7,635 but trade buying prompted a rally on the late kerb which left the price at £7,680. Turnover 3,245 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7855-60	+12.5	7905-10	+85
3 months	7650-5	-35	7690-700	+30
Settlem't	7860	+10	—	.....
Standard				
Cash	7855-60	+12.5	7905-910	+80
3 months	7630-5	-30	7670-80	+37.5
Settlem't	7860	+10	—	.....
Straits E.	‡$2060	+20	—	.....
New York	—	.....	—	.....

Morning: Standard, cash £7,830, 50, 60, 55, 60; three months £7,630, 35, 50, 45, 40, 30, 40, 35, 30. Kerb: Standard, three months £7,635, 40. Afternoon: Standard, cash £7,910, three months £7,650, 60, 70, 65, 80, 75, 70. Kerb: Standard, three months £7,670.

LEAD—Fractionally higher. The initial rise in copper saw forward metal move ahead to £414.5 on the pre-market but this trend was reversed in the rings as disappointment over the stock figure prompted selling of cash and caused the backwardation to narrow to around £14. Trading was quiet in the afternoon with forward metal finally £418 on the late kerb. Turnover 6,425 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	427-8	+2.5	426-7	+.5
3 months	412-3	+4	413-.5	+5
Sett'ment	428	+2.5	—	.....
U.S. Spot	—	.....	*36.36	.....

Morning: cash £428, three months £413, 12.5, 12, 13, 12.5, 13.5, 13. Kerb: three months £413. Afternoon: cash £427, three months £413.5, 14, 14.5, 14, 13, 12.5, 13. Kerb: three months £412.5, 12, 11.5, 10, 10.5, 11, 10, 10.5, 11.

ZINC—Barely changed. After rising to £375 on the early pre-market forward metal fell back on trade and hedge selling which depressed the price to £370 with the market also influenced by a slightly larger than expected stocks increase. In the afternoon values slipped further with forward material finally quoted at £368 on the late kerb. Turnover 5,050 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	356-7	-.25	354.5-5	-.75
3 months	368-.5-9	+.5	367.5-8	+.25
S'ment	357	.....	—	.....
Prim.west	—	.....	*33.5-4.5	.....

Morning: three months £371.5, 2, 1.5, 1, 70.5, 69.5, 69. Kerb: cash £357, 8. Afternoon: cash £357, three months £369, 69.5, 68, 67, 66, 67.5. Kerb: three months £368, 66.5, 67, 68.

ALUMINIUM—Quiet. Forward metal came under light pressure on the pre-market, falling to £600. But good buying in the ring lifted it to £602. In the afternoon the strength of copper pushed the price up to £603 at one point before U.S. selling prompted a close on the kerb of £601. Turnover 2,500 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Spot	—	.....	—	.....
3 months	601.5-2	-.5	601-.5	+.5

Morning: three months £601, 1.5, 1, £600.5, 1, 1.5, 2. Kerb: three months £601.5. Afternoon: three months £602, 3, 2, 1.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

PUBLIC NOTICES

CITY OF SWANSEA LOCAL AUTHORITY BILLS

£1,050,000 Bills issue date 1.11.1978 and maturing 31.1.79 at 10¼%. Applications totalled £9,450,000 and there are £1,050,000 Bills outstanding.

SILVER

Silver was fixed 2.9p an ounce higher for spot delivery in the London bullion market yesterday at 298.1p. U.S. cent equivalents of the fixing levels were: spot 624.9c, up 13.4c; three-month 638.9c, up 13.5c; six-month 655.7c, up 13.9c; and 12-month 681.7c, up 12.1c.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	298.1p	+2.9	300.5p	+7.4
3 months	305.6p	+3.1	308.35p	+7.7
6 months	313.6p	+3.0	—	.....
12 months	329.75p	+2.15	—	.....

LME—Turnover 341 (122) lots of 10,000 ozs. Morning: Three months 305.5. Kerbs: Three months 305.3. Afternoon: Three months 307.5, 8, 8.1, 8.2, 8.3, 8.7, 8.5, 8.6, 8.4, 8.3, 8.5, 8.4, 8.3, 8.3, 8.2. Kerbs: Three months 308, 7.9, 7.8, 7.9, 8.

COCOA

The market remained steady, trading limit-up on July against a background of continued dollar weakness and a stronger market in New York. Gill and Duffus reported.

COCOA	Yesterday's Close	+ or —	Business Done
Dec	1975.0-77.0	+18.50	1985.0-55.0
March	2004.0-05.0	+30.00	2014.0-1978
May	2056.0-57.0	+38.50	2046.0-05.0
July	2041.0-43.0	+41.00	2047.0-10.0
Sept	2035.0-40.0	+38.00	2041.0-30.0
Dec	2005.0-15.0	+31.25	2006.0-1990
March	[illegible]-2095	+22.50	—

Sales: 2,440 (3,907) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price Oct. 27: 180.21 (182.82). Indicator prices Oct. 30: 15-day average 173.02 (172.36); 22-day average 172.23 (171.78).

COFFEE

The weakness of the dollar gave a nervous tone to the day's dealings and Robusta values fluctuated in a £20 range for the whole session on poor volume. Trade selling met all rallies, prompted by Commission House and jobber buying. At the close values were £20 higher on balance, Drexel Burnham reported.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
November	1526-1529	+14.5	1540-1523
January	1447-1448	+23.5	1449-1432
March	1343-1345	+19.5	1350-1335
May	1301-1302	+17.5	1305-1294
July	1258-1265	+10.0	1264-1260
September	1230-1234	+10.5	1235-1227
November	1196-1210	+8.5	—

Sales: 1,340 (3,583) lots of 5 tonnes.

ICO Indicator prices for Oct. 27 (U.S. cents per pound): Colombian Mild Arabicas 171.00 (170.50); unwashed Arabicas 154.00 (same); other mild Arabicas 151.33 (150.33); Robustas ICA 1976 150.00 (150.50); Robustas ICA 1968 151.00 (151.50). Daily average 150.67 (150.42).

GRAINS

LONDON FUTURES (GAFTA)—The market opened 15 lower on wheat, unchanged on barley. Trade was very thin, and volumes low for the day. Barley values eased during the day on country selling to close 10p-20p lower, but commercial support was seen on many dips. Wheat initially saw good support on the spot position, but values eased slightly on some commercial selling to close 25p-35p lower on the day, Acli reported.

M'nth	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Nov	87.75	-0.25	79.50	-0.10
Jan	89.95	-0.35	83.00	-0.25
Mar	92.20	-0.30	84.35	-0.15
May	94.60	-0.30	86.65	-0.15

Business done—Wheat: Nov 87.95-87.75, Jan. 90.20-89.90, March 92.40-92.20, May 94.75-94.44. Sales: 88 lots. Barley: Nov. 79.60-79.45, Jan. 83.20-83.00, March 84.50-84.30, May 86.70-86.65. Sales: 69 lots.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, Nov.-Dec. £94.50, transhipment East Coast. U.S. Dark Northern Spring No. 2, 14 per cent Oct. £86.25, Nov. £86.75, Dec. £87.25, transhipment East Coast. U.S. Hard Winter 13½ per cent, Nov. £87 quoted, Dec. £87.75 quoted, transhipment East Coast. EEC grades unquoted.

Maize: U.S./French Oct. £102.75, Nov. £103.10, Dec. £103.25, transhipment East Coast. S. African White Nov.-Dec. £64.25; S. African Yellow Nov.-Dec. £64.25.

Barley: English Feed fob. Dec. £84.25, Jan.-March £85.75, East Coast.

Sorghum and Oats: unquoted.

MARK LANE—Quiet. Nominal values. Milling wheat delivered London area: Nov. £91.50, Dec. £92.50, Jan.-Feb.-March £96.00. Denaturable quality wheat delivered East Anglia: Nov. £88.00, Jan.-Feb.-March £91.50. Barley delivered East Anglia: Nov. £81.00, Dec. £82.00, Jan.-Feb.-March £84.50.

HGCA—Location ex-farm spot prices. Fed wheat: Central Scotland £89.70, Cambridge £3.60. Feed barley: Central Scotland £78.50, Cambridge £75.30.

UK monetary co-efficient for the week from November 6 is expected to remain unchanged.

HGCA—Regional and UK average ex-farm spot prices for week ending October 26. Other milling wheat—S. East £87.30, Eastern £88.90, E. Midlands £87.70, W. Midlands £87.50, N. East £88.10, N. West £88.10, Scotland £90.50. UK £88.00, change −10. Tonnage: 6,180. Feed wheat—S. East £83.90, S. West £84.30, Eastern £84.90, E. Midlands £85.50, W. Midlands £83.60, N. East £85.30, N. West £83.20, Scotland £88.50. UK £84.90, change nil. Tonnage: 12,446. Feed barley—S. East £76.40, S. West £77.20, Eastern £77.00, E. Midlands £76.20, W. Midlands £75.30, N. East £75.70, N. West £74.60, Scotland £77.40. UK £76.20, change nil. Tonnage: 16,127. Malting barley—S. East £83.70, Eastern £83.60, E. Midlands £81.90, W. Midlands £81.40, N. East £83.80, Scotland £85.90. UK £84.00, change +40. Tonnage: 7,558.

Highest price paid for malting barley was £93.50 in Winchester.

EEC DAILY IMPORT LEVIES and premiums effective today in order of current levy plus Nov., Dec. and Jan. premiums (with previous in brackets) all in units of account per tonne: Common wheat—89.78, rest nil (91.96 rest nil); Durum wheat—126.53, rest nil (125.15, rest nil); Rye—89.67, rest nil (82.97, rest nil); Barley—87.30, rest nil (86.29, rest nil); Oats—77.94, rest nil (75.58 rest nil); Maize (other than hybrid for seeding)—81.06, rest nil (83.14, rest nil); Buckwheat—7.39, rest nil (2.93, rest nil); Millet—30.51, rest nil (49.79 rest nil); Grain sorghum—78.01, rest nil (79.46, rest nil). Also for flours: Wheat or mixed wheat and rye—134.14 (125.00); Rye—137.38 (127.20).

RUBBER

UNCERTAIN opening on the London physical market. Firmer throughout the day, closing on a steady note. Lewis and Peat reported the Malaysian market was closed.

No. 1 R.S.S.	Previous Close	Yesterday's Close	Business Done
Dec	65.75-64.00	62.70-63.00	63.25-63.00
Jan	64.65-65.00	65.75-65.85	—
Jan-Mar	65.85-65.95	64.60-64.75	65.50-64.65
Apr-Jne	68.50-68.55	67.50-67.55	68.60-67.05
Jly-Sept	70.70-70.75	69.40-69.50	70.75-69.40
Oct-Dec	72.70-72.80	71.50-71.55	72.20-71.60
Jan-Mar	74.70-74.90	73.65-73.65	—
Apr-Jne	76.80-76.90	75.60-75.65	—
Jy-Sept	78.85-78.90	77.65-77.75	78.00

Sales: 12 (1) lots of 5 tonnes and 385 (457) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 63.25p (62.25); Dec. 62.75; (62.5); Jan. 63.75p (63.5).

SOYABEAN MEAL

Futures closed below mid-session "highs," showing gains from Friday of £1.65 to 25p per tonne. Much of the market's overall support appeared due to speculative and Commission House buying. Sentiment was influenced by firm Chicago levels, the weaker U.S. dollar and last week's increased U.S. crush figure of 20.63m bushels.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
December	125.20-25.5	+1.10	124.60-22.50
February	124.90-25.0	+1.65	125.40-24.50
April	124.95-25.1	+1.45	125.80-25.00
June	124.20-24.7	+0.75	124.60-24.20
August	124.00-25.0	+0.65	124.60-24.20
October	124.00-24.5	+0.45	124.60-24.20
December	125.50-24.5	+0.25	—

Sales: 177 (93) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £107.00 (same) a tonne cif for Oct., Nov. shipment. White sugar daily price was fixed at £112.00 (same).

Opening prices were somewhat above pre-weekend levels, but quotations drifted later in dull trading conditions. C. Czarnikow reported.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Dec	115.40-15.6	112.50-15.70	114.60-13.00
March	115.40-15.5	115.70-15.75	117.60-15.76
May	115.50-15.45	117.50-17.70	119.65-17.75
Aug	121.00-21.15	120.35-20.45	121.60-20.25
Oct	123.00-23.50	122.45-22.60	123.50-23.20
Dec	125.00-25.40	124.40-24.70	125.60
March	128.75-29.50	127.50-28.50	—

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port, prices for Oct. 27: Daily 8.99 (9.38); 15-day average 8.96 (8.95).

WHITE SUGAR—Close (in order buyer, seller, business, sales): Feb. 119.00, 119.70, 120.00-19.60, 8; April 121.85, 122.00, 122.50-21.75, 48; July 126.30, 126.55, 126.90-26.50, 39; Sept. 130.00, 131.00, untraded; Nov. 133.00, 135.00, untraded; Feb. 139.00, 141.00, untraded; April 142.00, 146.00, untraded. Sales: 105 lots (161).

WOOL FUTURES

LONDON—Dull and featureless. Bache reported.

(Pence per kilo)

Australian Greasy Wool	Yesterday's Close	+ or —	Business Done
October	224.0-36.0	.....	—
December	225.0-51.0	.....	—
March	236.0-38.0	.....	—
May	238.0-40.0	.....	—
July	234.0-45.0	.....	—
October	234.0-40.0	.....	—
December	235.0-45.0	.....	—
March	238.0-47.0	.....	—

Sales: Nil (same) lots of 1,500 kg.

BRADFORD—There was a little business despite turmoil in currency markets. Small weights were involved, with prices being arranged to take into account frequent currency changes. The volume of business varied between firms and was not enough to ensure full machinery activity.

SYDNEY GREASY (in order, buyer, seller, business, sales)—Micron Contract: Dec. 349.0, 349.5, 349.0-349.0, 1; March 355.0, 356.5, untraded; May 359.5, 360.5, untraded; July 364.5, 365.4, 365.0-365.0, 5; Oct. 366.0, 368.0, untraded; Dec 369.5, 371.0, 370.0-369.5, 6; March 372.0, 373.5, 373.0-373.0, 1. Total sales: 15 lots.

NEW ZEALAND CROSSBREDS (in order buyer, seller: all untraded)—Dec. 187.00, 189.00; March 184.00, 186.00; May 187.0, 190.00; July 187.00, 190.00; Oct. 190.00, 194.00; Dec. 194.00, 197.00; March 195.00, 195.00. Sales: Nil.

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scotch killed sides 54.0-58.0, Ulster hindquarters 60.0-64.0, forequarters 36.0-39.0; Eire hindquarters 60.0-63.0, forequarters 36.0-38.0.

Veal: Dutch hinds and ends 53.0-66.0.

Lamb: English small 52.0-59.0, medium 52.0-58.0, heavy 48.0-52.0; Scotch medium 52.0-56.0, heavy 48.0-52.0. Imported frozen: NZ YLs 51.0-58.0.

Pork: English, under 100 lbs 37.0-46.0, 100-120 lbs 38.0-44.0, 120-160 lbs 37.0-43.0.

Grouse: Young best 180.0-220.0 each.

Partridges: Young 200.0-240.0 each.

Rabbits (skinned): English tame 67.0-68.0; Chinese 43.0-45.0; Australian 38.0-40.0.

MEAT COMMISSION—Average fatstock prices at representative markets on October 30. GB cattle 67.24p per kg.l.w. (+0.24); UK sheep 133.4p per kg.est.d.c.w. (+2.2); GB pigs 66.2p per kg.l.w. (−0.2). England and Wales—Cattle numbers down 1.5 per cent, average price 66.94p (+0.35); Sheep numbers up 28.4 per cent, average price 135.0p (+3.0); Pig numbers up 8.0 per cent, average price 66.2p (−0.1). Scotland—Cattle numbers down 16.1 per cent, average price 69.15p (+0.65); Sheep numbers up 52.4 per cent, average price 134.9p (+1.0); Pig numbers up 26.7 per cent, average price 61.3p (−4.1).

MLC—Average fatstock prices at representative markets for week ending October 28. GB Cattle 66.71p per kg.l.w. (−0.07); UK Sheep 133.8p per kg est d c w (+2.3); GB Pigs 66.4p per kg.l.w. (+0.4). England and Wales—Cattle numbers up 2.6 per cent, average price 66.16p (−0.02); Sheep numbers down 3.2 per cent, average prices 134.1p (+2.4); Pig numbers down 9.4 per cent, average price 66.5p (+0.5). Scotland—Cattle numbers down 15.7 per cent, average price 69.04p (+0.12); Sheep numbers down 17.7 per cent, average price 130.2p (+1.2); Pig numbers up 5.0 per cent, average price 64.4p (+0.5).

COVENT GARDEN (prices in sterling per package unless stated)—English produce: Potatoes—Per 25 kilos 1.10-1.30. Lettuce—Per 12 round 1.00, 1.30, Cos 1.20, Webbs 1.40. Cucumbers—Per tray 12/24s new crop 3.20. Mushrooms—Per lb 0.50-0.60. Apples—Per lb Bramley 0.05-0.09, Lord Derby 0.04-0.05, Cox's Orange Pippins 0.05-0.18, Worcester Pearmain 0.05, Russets 0.08-0.09. Pears—Per lb Conference 0.08-0.14, Comice 0.10-0.18. Tomatoes—Per 12-lb English 2.20-2.30. Cabbages—Per crate 0.80-0.90. Celery—Per head 0.07-0.10. Cauliflowers—Per 12 Lincoln 1.20-1.40. Beetroot—Per 28-lb 0.60-0.70. Carrots—Per 28-lb 0.60-0.70.

JUTE—Quiet. Nov. [illegible] and 1 Dundee. BWB unavailable, BWC £255, BTC £252, BTD £245. BWD C and F Antwerp: BWB $555, BWC $530, BWD $517, BTB $550, BTC $527, BTD $525. Jute goods—Quiet. Nov. c and f Dundee: 40-inch, 10-oz £10.59; 40-inch, 7.5-oz £8.16; "B" Twills £28.54.

PRICE CHANGES

Price in tonnes unless otherwise stated

	Oct. 30 1978	+ or —	Month ago
Metals			
Aluminium	£710	.....	£710
Free market (cts)	$1,140-50	.....	$1070-90
Copper cash W'bars	£752	+10.25	£744.75
3 months do. do.	£773.25	+10.0	£765.25
Cash Cathode	£740.5	+9.5	£733
3 months do. do.	£762	+10.25	£753.25
Gold ...... Troy oz	$245.125	+10.75	$217.675
Lead cash	£426.65	+0.5	£379.5
3 months	£413.25	+5.0	£379.75
Nickel			
Free Market (cif) (lb)	$1.75	.....	$1.75
	1.88		1.88
Platinum troy oz.	£142	.....	£150
Free Market	£186.65	+7.35	£145.0
Quicksilver (76lb.)	122/27	-2.0	$122/7
Silver troy oz.	298.1	+2.9	258.35p
3 months	305.6	+3.1	265.85
Tin Cash	£7,907.5	+80.0	£7,155
3 months	£7,675	+37.5	£6,937.5
Tungsten (22.04lb.)	141.35	.....	$141.34
Wolfram 22.04 lb.	143-48	+1.0	141-4
Zinc cash	£355.25	-0.75	£335.75
3 months	£367.75	+0.25	£346.25
Producers	$720	.....	$675
Oils			
Coconut (Phil)	$910r	+10.0	$800
Groundnut	.....		.....
Linseed Crude (v)	£326	.....	£320
Palm Malayan	$640	+5.0	$605
Seeds			
Copra Philip.	$610v	.....	$527.5
Soyabean (U.S.)	$298x	+8.0	$268.5
Grains			
Barley			
Home Futures	£82	-0.4	£83.15
Maize			
French No. 3 Am	£102.75	-0.25	£102.75
Wheat			
No. 1 Red Spring	£94.5r	+1.25	£92.75
No. 2 Hard Winter	£97v	+0.25	£84
English Milling	£91.5u	.....	£91
Cocoa shipment	£2,059	-30.0	£1,975
Future Mar.	£2,004.5	+30.0	£1,975.5
Coffee Future			
Jan.	£1,447.5	+23.5	£1,466
Cotton 'A' Index	78.25c	.....	74.8c
Rubber kilo	63.25	+1.0	62p
Sugar (Raw)	£107	.....	£111
Wooltops 64s kilo	269p	-4.0	275p

* Nominal. † New crop. ‡ Unquoted. n Nov.-Jan. q Sept. s Oct.-Nov. t Nov.-Dec. u Nov. w Dec. z Per ton. v Indicator prices.

FINANCIAL TIMES

Oct. 30	Oct. 27	Month ago	Year ago
267.67	260.62	6 39	235 38

(Base: July 1, 1952=100)

REUTERS

Oct. 30	Oct. 27	Month ago	Year ago
1531.1	1528.5	1500.9	1463.8

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Oct. 30	Oct. 27	Month ago	Year ago
Spot	402.21	397.78	359	351.59
Futures	400.50	395.33	379.68	325.34

(Average 1924-25-26=100)

MOODY'S

Moody's	Oct. 30	Oct. 27	Month ago	Year ago
Spie Commty	992.1	985.4	949.9	8[illegible]7.4

(December 31, 1931=100)

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £5.60-£6.50, codlings £3.60-£4.50; large haddock £5.40-£5.90; medium haddock £3.60-£4.00, small haddock £2.80-£3.50; medium plaice £7.00, best small plaice £4.70-£6.40; large skinned dogfish £8.50, medium skinned dogfish £6.00; large lemon soles £9.00; medium lemon soles £7.50; rockfish £2.40-£2.80, saithe £2.00-£2.50.

LIVERPOOL COTTON—Spot and shipment sales amounted to 1,040 tonnes, the largest daily total for nearly six months. Renewed attention was directed to various types of American qualities, with Middle Eastern and African growths in sustained request, F. W. Tattersall reported.

U.S. Markets

New 'highs' in precious metals

NEW YORK, October 30.

PRECIOUS METALS closed sharply higher. Life-of-contract "highs" in silver and historic "highs" in gold were achieved on aggressive Chartist and Commission House buying on the continued weakness of the U.S. dollar, Bache reported. Copper ended virtually unchanged on mixed trade and speculative activity. Cocoa rallied sharply on Chartist and trade arbitrage buying. Sugar also benefited from trade arbitrage buying.

Cocoa—Dec. 153.40 (175.00), March 183.15 (175.00), May 182.55, July 182.15, Sept. 181.00, Dec. 177.40. Sales: 742 lots.

Coffee—"C" Contract: Dec. 153.75-154.00 (152.73), March 143.25 (142.05), May 139.25-139.75, July 136.25-136.50, Sept. 134.00-134.50, Dec. 132.00-132.75, March 128.00-132.00. Sales: 800 lots.

Copper—Nov. 69.50 (69.55), Dec. 70.40 (70.45), Jan. 71.15, March 72.55, May 73.70, July 74.80, Sept. 75.75, Dec. 76.90, Jan. 77.30, March 78.10, May 78.90, July 79.70, Sept. 80.50. Sales: 15,000 lots.

Cotton—No. 2: Dec. 69.70-69.80 (69.45), March 72.70-72.75 (72.37), May 74.40-74.50, July 74.90-75.00, Oct. 68.50-68.90, Dec. 67.50-67.60, March 68.30-64.50. Sales: 6,550 bales.

*Gold—Nov. 245.00 (237.50), Dec. 247.00 (239.40), Jan. 248.80, Feb. 251.20, April 255.60, June 260.00, Aug. 264.40, Oct. 268.80, Dec. 273.30, Feb. 278.20, April 282.90, June 287.90, Aug. 292.60. Sales: 35,000 lots.

†Lard—Chicago loose unavail. (25.25). NY prime steam 27.00 (nom.) (26.75 traded).

‡‡Maize—Dec. 235¼-235½ (239), March 244¼-244½ (247½), May 250¼, July 253¼-255, Sept. 256, Dec. 259½.

§Platinum—Jan. 384.90 bid (374.90), April 383.70 bid (375.70), July 388.50 bid, Oct. 391.30 bid, Jan. 394.10 bid, April 396.50 bid. Sales: 338 lots.

§Silver—Nov. 631.70 (615.30), Dec. 636.50 (620.00), Jan. 641.00, March 649.50, May 658.60, July 667.70, Sept. 676.90, Dec. 691.40, Jan. 696.20, March 705.90, May 715.70, July 725.60, Sept. 735.60. Sales: 40,000 lots. Handy and Harman bullion spot 629.60 (607.50).

Soyabeans—Nov. 722-721 (717½), Jan. 731-733 (727½), March 742-741½, May 747, July 745-746, Aug. 737½, Sept. 710, Nov. 694-693.

‖Soyabean Meal—Dec. 201.80-202.00 (197.90), Jan. 202.00-202.50 (198.30), March 202.50-202.00, May 201.40-201.00, July 201.50-200.50, Aug. 200.00, Sept. 196.50-194.00, Oct. 195.00.

Soyabean Oil—Dec. 26.55-26.50 (26.76), Jan. 26.35 (26.25), March 26.25-26.20, May 26.05, July 25.95-25.90, Aug. 25.75-25.65, Sept. 25.25, Oct. 24.55-24.90, Dec. 24.45-24.50.

Sugar—No. 11: Jan. 9.25-9.35 (9.30), March 9.73-9.76 (9.69), May 9.90-9.92, July 10.04, Sept. 10.20, Oct. 10.28-10.29, Jan. 9.80 bid, March 10.60-10.80. Sales: 7,325 lots.

Tin—770-770 nom. (750 nom.).

**Wheat—Dec. 344-345½ (342½), March 357½-356½ (356), May 352-352½, July 335-[illegible], Sept. 343, Dec. 344.

WINNIPEG, Oct. 30. ††Rye—Oct. 104.00 (104.00), Nov. 105.00 bid (105.00 bid), Dec. 103.30 bid, May 105.00 bid, July 109.00.

††Oats—Oct. 85.50 (88.30), Dec. 85.00 bid (85.00), March 82.00 asked, May 81.90 asked, July 81.60 asked.

‡‡Barley—Oct. 77.00 bid (79.50), Dec. 76.50 bid (78.80-76.70), March 77.40 asked, May 77.70 asked, July 78.00.

§§Flaxseed—Oct. 285.50 bid (283.00 bid), Nov. 286.20 (285.00 asked), Dec. 280.00, May 287.10 bid, July 281.00 bid.

**Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 182.55.

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 24 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ $C per tonne.

STOCK EXCHANGE REPORT

Some encouragement derived from economic surveys but concern over pay and U.S. trends remain

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct. 16	Oct. 26	Oct. 27	Nov. 7
Oct. 30	Nov. 9	Nov. 10	Nov. 21
Nov. 13	Nov. 23	Nov. 24	Dec. 5

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Burdened still by concern over the question of pay and the cloudy U.S. economic scene, equity markets began the current trading account in subdued mood. Little apparent notice was taken of the London Business School's long-term predictions for the economy, but advance reports of the Confederation of British Industry's survey imparted a slightly more confident tone.

Small early losses in top-name industrials were recouped as cheap buyers found few sellers operating, but many second-line issues remained dull. News that the public sector unions were joining the growing debate on pay, claiming increases approaching 40 per cent, had no effect on sentiment, but the market became cautious late following the Vauxhall craftsmens' notice to strike.

Business remained extremely thin, particularly for the first day of a new Account, and the number of bargains marked totalled only 4,337, the lowest for a Monday since July 17. Trading announcements and week-end Press recommendations relieved the generally drab background, illustrated by the seven-to-four ratio in favour of falls over rises in all FT-quoted industrials.

Gilt-edged securities also remained in the doldrums. Reflecting uncertain views on the economy and short-term prospects for the market, dealers marked quotations down ¼ or so at the opening but this encouraged a limited demand which restored the longer maturities to Friday's list levels and reduced losses in the shorts to ⅛.

Political considerations coupled with the weaker investment currency premium thwarted interest *in South African Gold shares.* Despite a fresh upsurge in the bullion price to record levels, both *Gold Mines indices finished* fractionally lower.

Mirroring sterling's initial strength, the investment currency premium began lower at around 68½ per cent and fell to 67 per cent before rallying in brisk trading to close a net two points *easier at the opening level of* 68½ per cent. The bulk of the day's business was again connected *with activities in U.S. securities.* Yesterday's SE conversion factor was 0.7428 (0.7396).

There was a marked contraction of business in Traded Options and contracts amounted to only 474 compared with last Friday's total of 739.

The main movements in an idle banking sector were provided by Australian issues, which lost *ground on a combination of* domestic and currency influences. **Bank of New South Wales**, which last week announced plans to increase its stake in its finance company offshoot, Australian Guarantee Corporation, dropped 40 for a two-day loss of 65 to 535p. **Commercial Bank** slipped 5 to 105p, while **National Bank**, 197p, and **ANZ**, 265p, lost 7 and 15 respectively. Elsewhere, Irish issues moved *gently lower* with **Allied** and **Bank of Ireland** both closing 3 easier at 227p and 437p *respectively.*

Following their respective scrip issues, **Hogg Robinson** were quoted ex the scrip issue at 140p.

Breweries and Distilleries were quiet and rarely stirred from Friday's closing levels.

Leading Buildings closed narrowly mixed after a slow trade. Elsewhere, **Barratt Developments** firmed 4 to 108p in response to the chairman's confident statement and **Royco** put on 3 to 45p on revived bid speculation. **Brown and Jackson** rallied 6 to 234p xd following Friday's bout of profit-taking.

The two companies resulting from the Laing Group's property hive-off made quiet debuts. **John Laing A** opened at 87p and drifted lower to close at 82½p, while **Laing Properties A** found a little support and improved from an opening level of 122p to 126p.

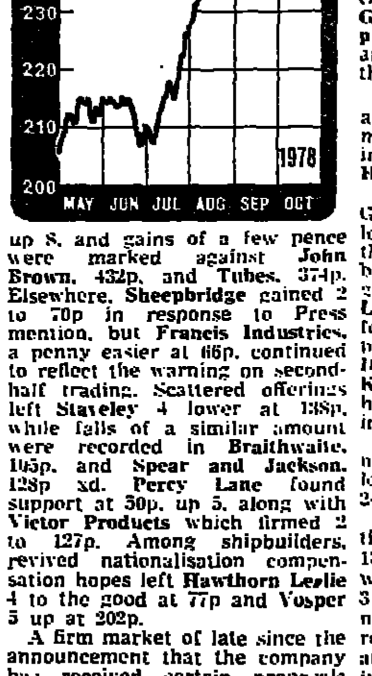
In a continuation of Friday's quiet trade, **ICI** eased marginally to 378p. **Plysu** found favour on revived bid speculation and advanced 6½ to 104½p, but **Alginate** and **Leigh Interests** were both dull again, the former ending 4 down at a low for the year of 220p, and the latter easing 2 more to 118p.

Decca sold

Decca came on offer following the chairman's profits warning at the annual meeting, the Ordinary losing 20 to 440p and the A 22 to 418p following a reasonable trade. Elsewhere in Electricals, **Newman Industries** gave up 3 at 88p on further *consideration of the fund-raising* plans, but **Petbow**, at 91p, picked up 3 of last week's drop of 35 *which followed news of the pro*posed redundancies. **GEC** ended 2 better at 320p, after 323p, *following Press comment suggest*ing that agreement on nationalisation terms is imminent, while *gains of 4 were seen in* **Racal Electronics**, 320p, and **Thorn Electrical**, 338p.

In Stores, **Burton** issues encountered a resurgence of speculative buying, the ordinary adding 4 to 188p and the A 7 to 179p. Other notable firm spots included **Marks and Spencer**, 2 better at 84p xd, and **BHS** 3 up at 200p. Anticipating today's annual results, **J. Hepworth** hardened 2 to 70p and, ahead of today's interim report, **Bambers** put on 7 to 171p. In contrast, **Time Products** were dull again, the ordinary losing 3 to 177p with *the new nil paid the same amount* down at 24p premium.

Engineering majors made progress after an uncertain start. **Vickers** improved 5 to 180p following a Press suggestion that the company is nearing agreement on nationalisation terms for its shipbuilding interests, while **GKN** firmed a similar amount to 270p with the aid of a broker's circular. **Hawker Siddeley** were favoured at 236p,



up 8, and gains of a few pence were marked against **John Brown**, 432p, and **Tubes**, 374p. Elsewhere, **Sheepbridge** gained 2 to 70p in response to Press mention, but **Francis Industries**, a penny easier at 66p, continued to reflect the warning on second-half trading. Scattered offerings left **Staveley** 4 lower at 138p, while falls of a similar amount were recorded in **Braithwaite**, 105p, and **Spear and Jackson**, 128p xd. **Percy Lane** found support at 50p, up 5, along with **Victor Products** which firmed 2 to 127p. Among shipbuilders, revived nationalisation compensation hopes left **Hawthorn Leslie** 4 to the good at 77p and **Vosper** 5 up at 202p.

A firm market of late since the announcement that the company has received certain proposals regarding its future development, **Louis C. Edwards** hardened 2½ more to a 1978 peak of 21½p *following week-end Press com*ment. Elsewhere in Foods, **Batleys of Yorkshire** finished 1½ *better at 96½p, after 99p, following* an investment recommendation. **Cartiers Superfoods**, interim *figures Wednesday, rose 5 to 110p,* while other firm spots included **J. Sainsbury**, 3 better at 218p, and **Tate and Lyle**, 4 higher at 172p. **Associated Dairies** were quoted ex the scrip issue at 181p. **Prince of Wales** continued firmly in Hotels and Caterers, rising 8 for a two-day gain of 16 to 98p on renewed speculative interest in a restricted market.

Metal Box steadier

Metal Box become a steadier market following the recent setback on fears of increased competition and, after easing a shade further to 314p at the start, rallied to close 4 better on balance at *320p.* **Boots** also firmed 4, to 195p, but other miscellaneous Industrial leaders tended easier. **Glaxo** drifted off to close 8 cheaper at 545p, while **Reed International** finished 3 lower at 164p, awaiting today's *interim results.* Elsewhere, interest revived in **Grimshawe Holdings**, up 5 at 55p, following *favourable Press mention.* Others to respond to Press comment included **British Vita**, 4 *higher at 118p, and* **D. Macpherson**, a penny harder at 75½p. **Henry Boot**, a poor market last week on the interim setback, rallied 8½ to 108p xd, while satisfactory half-yearly results prompted a gain of 3 to 47p in **Scottish Heritable**. On the other hand, **Elbar** reacted 10 to 250p in a restricted market and **Ricardo** were similarly cheaper at 312p. Other dull spots included **Siebe Gorman**, down 4 at 212p, **Durapipe**, the same amount off at 144p, and **Petrocon**, 2 down at a low for the year of 52p.

Ulster TV "A" firmed 3 to 70p ahead of Friday's annual state*ment.* Dull of late on the poor interim results, **Boosey and Hawkes** hardened 2 to 167p xd.

Among the Motor sectors, Garages tended a few pence lower but Components recorded *the occasional bright spot.* Helped by news that Volkswagen is to go ahead with the CAV deal, *Lucas moved ahead to 321p* before reacting to close only a penny dearer on balance at 316p. *Dowty firmed 2 to 287p,* while **Kwik-Fit** closed a similar amount higher at 53p awaiting today's *interim statement.*

Despite a favourable Press mention, **International Thomson** *lost 7 to a low for the year of* 249p.

Properties showed firmness in the leaders. **MEPC** put on 2 to 139p and **British Land** 1½ to 44½p, while **Land Securities** hardened 3 to 229p, after 230p; the last-named is due to announce interim results on November 14. **Town and City** encountered a little interest and improved ¼ to 14p, as did **Intereuropean**, ½ up at 39p. Mirroring demand that developed late on Friday, **London Provincial** *Ship improved 4 to 124p,* but recently firm **Warnford Investment** eased 5 to 360p.

Oils quiet

Oil leaders traded quietly. **British Petroleum**, a few pence easier at 874p, were overshadowed by the continuing weakness on Wall Street, but **Shell** edged higher and closed 6 dearer at 570p. A fall of ¼ to £41¼ in **Royal Dutch** mainly reflected dullness in the dollar premium. Among the speculative issues, **Siebens (UK)** staged a usefull rally after last *week's sharp setback and closed* 8 up at 286p, after 300p. **Oil Exploration** put on 6 to 202p and **Ultramar** *hardened 2 to 234p.*

Harrisons and Crosfields, at 350p, regained all of Friday's fall of 18 in otherwise little-changed Overseas Traders.

Still reflecting the poor performance of Wall Street, investment Trusts once again closed with losses throughout the list. **Edinburgh American** eased 3½ to 103½p, while numerous losses of 4 included **Sterling Trust**, 170p, **Bishopsgate Trust**, 183p, and **Second Alliance Trust**, 180p. *Clifton Investments responded to* a renewal of speculative interest by hardening ¾ to 7p. In Finan*cials, R. P. Martin improved 6 to* 39p with the help of an investment recommendation. Small buy*ing lifted* **Kitchen Taylor** 3 to 90p, but **Suez Finance** reflected currency influences with a fall of 3½ points to £44. **London Merchant Securities** closed a shade easier at 71p ex the scrip issue.

Apart from a small speculative flurry in **Common Bros.**, which closed 2 harder at 160p, after 166p, Shippings were idle and featureless.

John Haggas, 6½ down at 171p, after 167p, gave up around half of last Friday's rise which was based on hopes that the merger talks with Dawson International will be resumed now that Wm. Baird has lapsed its offer. Dawson issues also encountered selling, the Ordinary closing 6½ lower at 186p and the A 3½ down at 184p.

Among Plantations, **Guthrie** improved 11 to 357p on small buying in a thin market.

Golds uncertain

The fresh weakness of the dollar again resulted in South African Gold shares being caught *in a two-way pull,* as the bullion price continued its upward spiral to close $10.75 higher at a record *$245.125 per ounce,* only to be offset by a further decline in the investment currency premium.

On balance, Golds tended to show marginal losses but renewed American buying towards the close of business enabled prices to regain most *of their* earlier falls.

Nevertheless the Gold Mines *index registered a 0.8 decline to* 148.5.

Most of the U.S. buying was directed towards shares which had gone ex-dividend, with **Western Holdings** finally cheaper *at £18¾, after £18, and* **President Brand**, 848p, unchanged at the close, after 832p. **West Driefon***tein were in demand after-hours* and finished a half-point firmer at £22½, after £22.

The weakness of the premium coupled with lack of interest saw South African Financials lose *further ground.* **Union Corporation** dropped 6 to 276p, while **De Beers** registered their sixth con*secutive fall, losing 2 more to* 354p.

London-registered Financials *were featured by* **Gold Fields** which climbed 5 to 185p in response to the surge in the bullion *price and week-end Press mention.*

Platinums mirrored the trend in Golds, with a further spurt in the free market platinum price not being reflected in share prices owing to the lower premium.

The 20 cents shares of **Impala Platinum** (which replaces Bishopsgate Platinum) opened and closed at 206p.

Australians remained depressed following a further downturn in overnight domestic markets and the fall in the premium. All sections were hard hit with the speculative diamond exploration issues particularly out of favour. **Northern Mining** dropped 10 to 82p. *Haoma Gold 4 to 30p* and **Western Queen** 3 to 15p.

In Uraniums, **Pancontinental** *gave up 75 to 825p,* while base-metal producers showed **Western Mining** 7 cheaper at 123p.

FINANCIAL TIMES STOCK INDICES

	Oct. 30	Oct. 27	Oct. 26	Oct. 25	Oct. 24	Oct. 23	A year ago
Government Secs.	69.34	69.37	69.36	69.58	69.63	69.55	78.15
Fixed Interest	70.63	71.02	71.02	71.10	71.34	71.26	80.11
Industrial	484.4	483.2	484.4	489.7	496.5	495.6	505.5
Gold Mines	148.5	149.3	148.0	149.2	149.1	153.1	133.7
Gold Mines (Ex-$ pm.)	110.3	110.4	109.8	109.4	107.5	109.9	98.3
Ord. Div. Yield	5.60	5.62	5.58	5.51	5.45	5.46	5.11
Earnings, Yld % (full)*	15.48	15.52	15.53	15.34	15.16	15.19	15.78
P/E Ratio (net) (*†)	8.53	8.51	8.52	8.62	8.73	8.72	9.01
Dealings marked	4,337	4,870	4,818	4,400	4,471	4,596	5,563
Equity turnover £m	—	78.71	89.53	75.15	49.37	58.08	84.81
Equity bargains total	—	15,781	17,065	14,695	11,086	14,425	15,170

10 am 483.9. 11 am 483.2. Noon 483.2. 1 pm 484.2. 2 pm 484.6. 3 pm 485.2.
Latest Index 01-246 8026.
* Based on 52 per cent corporation tax. † Nil =8.70.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (6/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.63 (30/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	130.3 (6/1)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm.)	152.3 (14/8)	90.3 (15/4)	337.1 (3/4/74)	54.3 (22/6/76)

S.E. ACTIVITY

	Oct. 30	Oct. 27
—Daily		
Gilt-Edged	125.3	151.2
Industrials	155.4	170.3
Speculative	35.6	38.6
Totals	98.7	110.8
5-day Average		
Gilt-Edged	140.6	147.1
Industrials	163.7	162.1
Speculative	34.7	36.0
Totals	104.2	104.5

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	10	874	−2	926	720
GKN	£1	10	270	+5	293	248
ICI	£1	9	378	−1	421	328
Shell Transport	25p	9	570	+6	602	484
Allied Breweries	25p	7	83½	−½	94	73
Barclays Bank	£1	7	338	+2	368	296
Br'n Boveri Kent	25p	7	51xd	−4	61¼	28½
Haggas (J.)	10p	7	171	−6½	177½	85
Marks & Spencer	25p	7	84xd	+2	94	67½
Rank Org.	25p	7	248	+1	296	226
BATs Defd.	25p	6	248	−2	304	227
Bambers Stores	10p	6	171	+7	175	31½
Beecham	25p	6	650	−3	743	583
Lucas Inds.	£1	6	316	+1	336	240
Midland Bank	£1	6	343	−3	390	330

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 24	Nov. 6	Jan. 25	Feb. 6
Nov. 7	Nov. 20	Feb. 8	Feb. 20
Nov. 21	Dec. 4	Feb. 22	Mar. 6

For rate indications see end of Share Information Service

Money was given for the call in French Kier, Mills and Allen, J. Hepworth, Town and City Properties, Cadbury Schweppes, Belway, Western Mining, English Property, Tesco, Premier Consolidated Oil, Mersey Docks Units, J. Brown, Consolidated Gold Fields and Stocklake. Puts were done in Leigh Interests and New Throgmorton Capital, while doubles were arranged in J. Hepworth, English Property, Mersey Docks Units, J. Brown, R. Costain, Farnell Electronics, Tate and Lyle and Lister.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	3	14	59
Corpns., Dom. and Foreign Bonds	1	11	50
Industrials	263	622	964
Financial and Prop.	71	205	277
Oils	9	7	20
Plantations	4	7	29
Mines	30	59	43
Recent Issues	5	13	25
Totals	373	738	1,313

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	850	69	—	88	—	115	6	877p
Com. Union	140	9	8	15	—	16	—	138p
Cons Gold	160	35	3	41	—	44	—	185p
Cons Gold	180	18	12	24	3	30	—	,,
Cons Gold	200	7½	52	15	—	19	—	,,
GEC	220	111	1		—	—	—	324p
GEC	240	92	1	96	—	—	—	,,
GEC	260	73	10	77	—	—	—	,,
GEC	280	53	3	59	—	—	—	,,
GEC	300	35	4	44	—	56	—	,,
GEC	330	16	7	26	—	37	—	,,
GEC	360	6	27	13	—	—	—	,,
Grand Met.	110	6½	—	9½	24	13	—	109p
ICI	360	32½	37	42	—	52	—	379p
ICI	390	15	17	23	9	25	—	,,
ICI	420	5	10	11½	—	20	—	,,
Marks & Sp.	90	4	28	6½	10	10	6	84p
Shell	550	39	26	35	—	65	—	571p
Totals			246		41		12	
		November		February		May		
Boots	180	17	—	23	25	31	—	195p
Boots	220	1	10	6	15	11	—	,,
Boots	240	½	—	2½	40	5½	5	,,
Boots	260	½	—	¾	—	2½	15	,,
EMI	140	18	40	20	—	28	—	153p
EMI	160	4½	—	11	—	18	20	,,
Totals			50		80		40	

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the *Share Information Service* yesterday attained new Highs and Lows for 1978.

NEW HIGHS (12)

COM'WEALTH & AFRICAN LOANS (1)
N.Z. 4pc '76-78
STORES (1)
Steinberg
ELECTRICALS (1)
Sound Diffusion
FOODS (2)
Batleys of Yorkshire Edwards (Louis C.)
HOTELS (1)
Prince of Wales
INDUSTRIALS (2)
Bodycote Intl. United Guarantee
PROPERTY (2)
Apex Props. Lond. & Provl. Shop
TRUSTS (1)
Authority Invs.
MINES (1)
Gold & Base

NEW LOWS (48)

BRITISH FUNDS (4)
Treas. 11½pc 1979 Treas. 8¼pc '80-82
Treas. 11½pc 1981 Treas. 14pc 1982
CORPORATION LOANS (2)
Bristol 7¼pc '79-81 Warwick 12½pc '80
AMERICANS (13)
Asarco Norton Simon
Chrysler Owens-Illinois
Colgate-Palmolive Singer
Colt Inds. Texaco
Continental Oil U.S. Steel
Esmark Zapata Corp.
General Electric
CANADIANS (2)
Hudsons B. Oil Gas Pacific Pet.
BUILDINGS (1)
Jennings
CHEMICALS (2)
Alginate Inds. Leigh Ints.
ELECTRICALS (1)
Motorola
ENGINEERING (4)
Tex Abrasives Compair
Birmid Qualcast Cummins '78-94
INDUSTRIALS (9)
Baxter Travenol Finlas
Borg-Warner Franklin Mint
Brittains Hanimex Corp.
Dentsply 9pc Cnv. 1991-96 Petrocon
Trans. Union
MOTORS (1)
Gates (F. G.)
NEWSPAPERS (2)
Int. Thomson Int. Thomson Conv.
SHIPPING (1)
Runciman (W.)
TRUSTS (3)
Altifund Inc. Massmutual
Mont. Boston
OILS (1)
Woodside
MINES (2)
Cons. Murch. Messina

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Aycliffe Hldgs.	46	[illegible]	[illegible]	[illegible]	[illegible]	7.4
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.0
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Long Property A	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	20.5
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.7
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	4.8

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Ace Belmont Int. 10% Pref.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−⅛
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Bristol Waterworks 7% Prf. 1983	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Hongkong Land [illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Kensington & Chelsea Var. Rate 1983	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−¾
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	+1¼
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	West Kent Water [illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
[illegible]	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Blackwood Hodge	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	British Printing	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Hewden Stuart	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Reliance Knitwear	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Ricardo Eng.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Wearwell	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Yorkgreen	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS / GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Oct. 30, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Fri., Oct. 27 Index No.	Thurs., Oct. 26 Index No.	Wed., Oct. 25 Index No.	Tues., Oct. 24 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	235.98	+0.2	16.51	5.32	8.31	235.46	236.23	239.27	241.67	214.08
2	Building Materials (27)	205.81	+0.3	17.18	5.50	8.01	205.17	205.04	208.56	211.08	204.80
3	Contracting, Construction (28)	368.38	−0.1	19.94	4.37	7.20	368.61	370.56	374.37	378.86	345.90
4	Electricals (14)	544.89	+0.3	13.32	3.40	10.38	543.52	544.40	546.46	555.08	465.26
5	Engineering Contractors (14)	365.16	−0.5	17.76	5.95	7.63	367.17	369.55	378.09	379.48	292.36
6	Mechanical Engineering (72)	185.20	+0.3	18.05	5.91	7.43	184.71	185.67	189.27	190.70	163.84
8	Metals and Metal Forming (16)	167.23	+0.5	15.97	8.55	8.67	166.36	167.22	168.82	168.96	162.51
	CONSUMER GOODS										
11	(DURABLE) (53)	208.64	+0.1	16.49	5.09	8.47	208.44	208.44	212.29	214.79	206.10
12	Lt. Electronics, Radio, TV (16)	254.10	+0.4	14.49	4.02	9.68	253.18	253.07	258.45	262.89	245.[illegible]
13	Household Goods (12)	181.19	−1.1	16.44	6.28	8.38	183.24	184.38	185.93	185.79	194.62
14	Motors and Distributors (25)	126.15	−0.1	19.76	6.56	7.05	126.22	126.13	128.18	128.93	126.93
	CONSUMER GOODS										
21	(NON-DURABLE) (172)	208.13	+0.1	16.00	5.98	8.41	207.84	208.23	210.88	213.36	208.73
22	Breweries (14)	227.20	+0.1	14.72	6.24	9.34	226.96	226.53	229.90	233.54	225.[illegible]
23	Wines and Spirits (6)	272.36	−0.6	15.63	5.28	9.55	274.07	272.94	277.34	282.36	244.18
24	Entertainment, Catering (17)	261.95	—	13.97	6.72	10.44	261.91	262.17	264.67	278.16	264.[illegible]
25	Food Manufacturing (19)	204.19	−0.1	18.92	5.34	7.00	204.45	204.28	206.19	207.59	208.[illegible]
26	Food Retailing (15)	223.41	+0.2	13.50	4.64	10.31	223.03	223.18	225.83	228.36	238.[illegible]
32	Newspapers, Publishing (12)	386.09	−0.3	20.47	6.27	6.91	387.08	390.10	394.80	397.01	340.[illegible]
33	Packaging and Paper (15)	137.48	−0.3	18.74	7.79	7.03	137.92	139.52	141.14	144.71	138.[illegible]
34	Stores (40)	195.63	+1.1	11.71	4.81	12.33	193.59	194.32	197.53	199.51	201.[illegible]
35	Textiles (25)	179.26	−0.2	18.58	8.11	6.98	179.61	180.67	181.01	183.31	178.[illegible]
36	Tobaccos (3)	230.05	−0.9	23.93	8.15	4.95	232.06	232.15	235.29	235.90	222.[illegible]
37	Toys and Games (6)	102.86	—	22.04	6.24	5.31	102.89	104.30	106.31	107.51	116.[illegible]
41	OTHER GROUPS (99)	200.51	−0.3	15.62	6.08	8.24	201.07	201.87	205.08	207.43	201.[illegible]
42	Chemicals (19)	285.81	−0.2	16.04	6.62	8.11	286.37	286.92	290.83	295.09	274.[illegible]
43	Pharmaceutical Products (7)	253.18	−0.7	11.16	4.09	10.91	255.06	257.71	262.45	264.78	[illegible]
44	Office Equipment (6)	129.89	—	18.71	5.87	6.37	129.92	130.24	133.25	135.68	128.[illegible]
45	Shipping (10)	414.70	−0.4	14.99	7.29	8.52	416.22	417.53	421.57	424.58	460.[illegible]
46	Miscellaneous (57)	215.66	−0.1	17.46	6.56	7.62	215.91	216.45	220.00	222.04	211.[illegible]
49	INDUSTRIAL GROUP (495)	220.06	+0.1	16.07	5.77	8.35	219.94	220.52	223.60	226.11	215.[illegible]
51	Oils (5)	499.37	+0.4	13.99	4.03	7.76	497.33	496.61	501.79	503.60	505.[illegible]
59	500 SHARE INDEX	243.39	+0.1	15.76	5.51	8.25	243.13	243.62	246.89	249.38	239.[illegible]
61	FINANCIAL GROUP (100)	162.18	+0.2	—	6.06	—	161.84	162.69	164.06	164.94	170.[illegible]
62	Banks (6)	185.67	+0.2	25.14	6.31	5.97	185.39	187.06	187.33	187.10	179.[illegible]
63	Discount Houses (10)	207.49	−0.6	—	8.48	—	208.67	209.87	210.36	210.15	225.[illegible]
64	Hire Purchase (5)	149.32	+0.2	16.31	5.52	8.09	149.08	149.08	150.07	152.45	187.[illegible]
65	Insurance (Life) (10)	128.60	+0.5	—	7.30	—	128.00	129.00	129.97	132.41	151.[illegible]
66	Insurance (Composite) (7)	118.85	+0.2	—	7.38	—	118.67	118.92	120.11	121.01	145.[illegible]
67	Insurance Brokers (10)	319.52	−0.5	14.85	5.33	9.63	321.27	325.53	329.64	331.36	306.[illegible]
68	Merchant Banks (14)	79.90	+0.8	—	7.42	—	79.25	79.91	81.47	81.43	90.[illegible]
69	Property (31)	256.41	+0.6	3.39	2.86	50.27	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (7)	107.02	−0.3	23.50	7.86	5.51	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	107.39	−0.1	16.74	6.63	7.32	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	318.18	+0.4	18.74	7.27	8.65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	222.03	+0.1	—	5.64	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Mon. Oct. 30	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	103.51	−0.02	—	7.99
2	5-15 years	114.32	−0.01	—	7.61
3	Over 15 years	118.03	—	—	12.26
4	Irredeemables	122.61	−0.25	—	13.32
5	All stocks	111.15	−0.01	—	9.55

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Mon. Oct. 30	Fri. Oct. 27	Year ago (approx.)
1	Low	5 years	9.26	9.25	6.32
2	Coupons	15 years	11.11	11.11	9.26
3		25 years	11.95	11.95	9.99
4	Medium	5 years	12.30	12.29	9.60
5	Coupons	15 years	12.56	12.56	10.09
6		25 years	12.35	12.35	10.23
7	High	5 years	12.30	12.31	9.15
8	Coupons	15 years	12.93	12.93	10.66
9		25 years	12.94	12.94	10.58
10	Irredeemables		11.88	11.80	10.08

		Mon. Oct. 30 Index No.	Mon. Oct. 30 Yield %	Friday Oct. 27	Thurs. Oct. 26	Wed. Oct. 25	Tues. Oct. 24	Mon. Oct. 23	Friday Oct. 20	Thurs. Oct. 19	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.12	13.99	56.66	56.68	55.69	56.60	56.59	56.58	56.66	52.42
16	Investment Trust Prefs. (15)	51.50	13.50	51.27	51.33	51.32	51.37	51.46	51.57	51.23	56.76
17	Coml. and Indl. Prefs. (20)	72.00	12.98	72.04	72.08	73.09	72.13	72.13	71.96	72.02	78.64

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE AND PROPERTY BONDS

For Equitas Securities Ltd see Abbey Unit Trust Mngrs.

Finlay Unit Trust Mngt. Ltd.

Nile Street, Glasgow. 041 204 1321

Internat'l.	22 2	24.2	....	2 88
Units	26 2	28.4	..	2 88
Income	34 4	37 4	.	8 37
Euro.Fin.	27 4	29 6	.. ..	2 29
Units	31 7	34.4	......	2 29
Fd In.Tst.	30 0	32.5	...	4.24
Units	34 3	37 3	.	4 24

Prices Oct. 25. Next dealing Nov. 1.

Midland Bank Group Unit Trust Managers Ltd.♥ (a)

Courtwood House, Silver Street, Head Sheffield, S1 3RD. Tel 0742 79842

Commodity & Gen.	71 4	76 9	..	5 09
Do. Accum.	82 4	88.7	.	5.09
Growth	34 8	37.5	...	3 04
Do. Accum.	37 4	40 3	....	3 04
Capital	26 2	28.2	..	3 37
Do. Accum.	28.6	30 8	..	3.37
Income	53 2	57.2	....	6.55
Do. Accum.	62.1	66.8	....	6 55
International	41 9	45 3	.	2 60
Do. Accum.	44 7	48 2	.....	2 60
High Yield	63 1	67.9	.....	8 43
Do. Accum.	68.9	74 1	.	8 43
Equity Exempt*	104 7	110 5	....	5 63
Do. Accum.*	104 7	110 5		5 63

*Prices at Sept. 29. Next dealing Oct. 31.

CORAL INDEX: Close 482-487

INSURANCE BASE RATES

Property Growth........................10¼%

Vanbrugh Guaranteed........................10.12%

†Address shown under Insurance and Property Bond Table

J.E.T. Managers (Jersey) Ltd.

PO Box 98 Channel House, Jersey. 0534 73673

Jersey Extrnl. Tst.	191 0	204 0		—

As at Sept. 29. Next sub. day Oct. 31.

Jardine Fleming & Co. Ltd.

48th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$353 70	..	2 00
Jardine J'pn. Fd.*	HK$418.33	.....	0.80
Jardine S.E.A.	$US19 98	.....	1 70
Jardine Flem. Int.	HK$12 48	..	—
Intl. Pac. Secs. (Inc.)	HK$15 09	.	—
Do. (Accum.)	HK$15 24		—

NAV Oct. 14. *Equivalent $US88.44. Next sub. Oct. 31.

Warburg Invest. Mngt. Jrsy. Ltd.

1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. Sept. 28	$US14 57	14 95	+0 67	—
CMT Ltd. Sept. 28	£14 62	15 00	+0 24	—
Metals Tst. Oct. 19	£12 90	13 22	..	—
TMT Oct. 13	$US11.39	11 69	. ....	—
TMT Ltd. Oct. 13	£11 11	11 40	..	—

World Wide Growth Management

10a, Boulevard Royal, Luxembourg

Worldwide Gth. Fd.	$US16.26	-0 08	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by [illegible]. [illegible] Guernsey gross. [illegible] Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

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FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	23	-½	—	—
41	33	Do. 5pc Pref.	41	.....	—	—
98	98	Chilean Mixed	96	.....	—	f3.09
415	350	German Yng. 4½pc	411	.....	4½	—
54	46	Greek 7pc Ass.	50	.....	3½	f7.25
51	46	Do. 6pc 28 Stab. Ass.	49	.....	6	f6.22
44	40	Do. 4pc Mixed Ass.	40	.....	4	f5.08

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 35¼% (based on US$1.9957 per £) Conversion factor 0.7428 (0.7396)

CANADIANS

S.E. List Premium 35¼% (based on $2.4451 per £)

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GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

$15¾	$12	Buffels R1	$12⅝	+½	Q170c	1.8	15.9
$13¾	980c	East Drie R1	$10⅞	+½	tQ78c	1.7	8.7
585c	230c	East Rand Prp R1	435c	...	...	—	—
$28⅝	$16⅜	F.S. Geduld 50c	$23⅛xd	+⅛	Q315c	ϕ	15.6
$15⅛	$11	Pres. Brand 50c	$12⅝xd	...	Q150c	ϕ	13.4
$15⅞	$10⅛	St. Helena R1	$11	...	Q190c	ϕ	19.9
455c	313c	Stilfontein 50c	460c	+15	tQ22c	2.3	5.5
$22⅞	$16⅜	Vaal Reefs 50c	$19⅞	+⅛	Q115c	3.3	6.8
$37	$25	West Drie R1	£35	+1½	Q385c	1.7	12.7
$31¾	$19¾	West Hldgs 50c	£28¾xd	...	Q415c	ϕ	16.0
$12⅞	895c	Western Deep R2	$11⅝	+⅛	Q82½c	2.4	8.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ☆ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◊ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- △ Not comparable.
- ○ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✠ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ● Excluding a final dividend declaration.
- ☆ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimate for 1979. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 44

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	...
Ash Spinning	49	...
Bertam	16	...
Bdg'wtr Est. 50p	330	...
Clover Croft	26	...
Craig & Rose £1	520	...
Dyson (R. A.) A	37	...
Ellis & McHdy	67	...
Evered	27	...
Fife Forge	52	...
Finlay Pkg. 5p	21	...
Graig Ship. £1	140	...
Higsons Brew	77	...
I.O.M. Stm. £1	175	+3
Holt (Jos.) 25p	256	...
Nthn. Goldsmith	67	...
Pearce (C. H.)	190xc	+2½
Peel Mills	21	...
Sheffield Brick	50	...
Sheff. Refrshmt.	66	...
Sindall (Wm.)	112	...

IRISH

Conv. 9% '80/82	£91	...
Alliance Gas	91	...
Arnott	375	...
Carroll (P. J.)	98	...
Clondalkin	89	...
Concrete Prods	130	...
Heiton (Hldgs.)	49	...
Ins. Corp	190	...
Irish Ropes	105	...
Jacob	56	...
Sunbeam	35	...
T.M.G.	200	...
Unidare	88	...

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3½
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lots"	4	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1½
Distillers	15	Mrks. & Spncr.	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P&O Dfd.	8	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Siddt.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Tuesday October 31 1978

NEB backs Edwardes firm line

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE NATIONAL Enterprise Board will not give approval to BL's £280m scheme for doubling production of Land-Rovers and Range Rovers until employees at the Solihull plant agree to more flexible working practices, it said yesterday.

This means that Sir Leslie Murphy, chairman of the NEB, is once again giving total support to one of the major campaigns being waged by Mr. Michael Edwardes, chairman of BL, formerly British Leyland.

Mr. Edwardes said recently that the Land-Rover/Range Rover programme would be "one of the most profitable investments in the car industry for many, many years." But he insisted it was conditional on employees agreeing to changes in working practices.

And yesterday Sir Leslie said: "The NEB fully accepts the importance of this project and would in principle wish to see BL proceed with it.

"However, before reaching a decision to seek the approval of the Secretary of State for Industry, the NEB is asking BL for evidence that the workforce at Solihull will fulfil their commitment to change their shift working practices to meet the needs of the programme."

His statement comes at a crucial moment in the talks between BL management and the unions about the changes needed at Solihull. There are expected to be developments later this week.

The shift operation which BL is seeking at present is for double day shifts, not necessarily night working.

Contractors who were putting up a building at Solihull to house the new assembly track were last week pulled off the site by BL. However, work continues at other plants in connection with the £30m first phase of the Land-Rover project.

Mr. Edwardes obviously does not wish to repeat the experience BL suffered with the £90m investment for the new Rover saloon car at Solihull. Then it took some time after the plant came on stream to reach agreement with the workforce about some double shift working.

Double day shifts and other changes have helped to lift production of the Rover saloon from 600 a week a year ago to 1,300 a week now (and even 1,500 at the peak).

When output reaches 1,800 a week the unions are committed to reopening talks about the possibility of adding a night shift. Mr. Edwardes told shop stewards recently that the Rover plant would not be profitable until a night shift was introduced and production stepped up nearer the plant's 3,000 a week capacity.

In his statement about the Land-Rover/Range Rover programme, designed to double output over the next three years, Sir Leslie also added a cautionary word about the financing. "The NEB also needs to know how far the programme can be financed by BL from its own resources, bearing in mind that the extent of any further commitment of funds to BL from NEB is uncertain."

This is a reference to the fact that the NEB has committed around £720m of the £1bn it has Parliamentary approval to spend. A new Bill to raise the statutory limit to between £1.5bn and £2bn will be introduced soon but is bound to provoke a reaction from the Conservative Party which wants to curtail the NEB's activities.

In the past BL has said it would match pound for pound any state cash invested in its operations. But now the NEB has asked the group to re-examine the Land-Rover investment, probably the largest ever seen in the UK car industry, to see how it would cope should the NEB not receive all the extra cash it needs and have to look again at its own priorities.

Vauxhall faces new strike threat

BY PHILIP BASSETT, LABOUR STAFF

VAUXHALL MOTORS, already facing a strike over pay from tomorrow by its 8,000 manual workers at Ellesmere Port, has been given 14 days' notice of a strike by its 4,000 skilled workers.

This new threat could seriously affect the plant's production and supplies of components to other car companies.

Yesterday's strike notice was issued in response to grievances about eroded differentials and the failure of Vauxhall, a General Motors subsidiary, to honour the agreement which ended last year's six-week strike by the skilled workers.

That strike stopped all Vauxhall production and laid off 19,000 workers.

Skilled men's leaders, belonging to the unofficial General Motors Combine Craft Committee, said yesterday that after last year's strike Vauxhall introduced a new craft grade and guaranteed a pay rate designed to restore differentials eroded by Government pay policy.

The unofficial leaders claim skilled workers are still without the new rate a year later and earn only 11½ per cent more than production workers, compared with 18 per cent more in 1970.

Mr. Norman Gunter, combine chairman, said: "It seems a tragedy to us that we now see ourselves as having to go on strike again to secure what we were promised 12 months ago."

The combine committee also represents skilled workers in AC Delco factories at Kirkby, Southampton and Dunstable. A strike at AC Delco could affect the supply of components, including generators, plugs, ignition points and windscreen wipers, to Vauxhall, Opel and the Japanese car industry.

Current Vauxhall rates for top skilled workers are £79.18 for day shift and £104.04 for night shift workers. The company's latest pay offer, which breaches Government pay guidelines, would raise these to £84.20 and £112.26.

National officials of the Transport and General Workers' Union and the Amalgamated Union of Engineering Workers are considering holding talks on the company's pay dispute tomorrow, when the Ellesmere Port manual workers are due to walk out.

AUEW shop stewards at Ellesmere Port meet today to take a final decision on whether to strike and members of the union will hold a mass meeting tomorrow.

Vauxhall has offered its 26,000 manual workers an average 7½ per cent more, including a 1½ per cent performance supplement. About 13,000 workers at the Luton and Dunstable plants rejected a strike call over the company's earlier offer of an average of 4½ per cent.

The unofficial call for a skilled workers' strike emphasises the deep rift in the trade union side of the Vauxhall joint negotiating committee exposed by the Luton and Dunstable decisions.

Mr. Arthur Sjogren, a senior NJC member, touched on this yesterday in an attack on the committee's predominantly manual work-oriented representatives from Ellesmere Port. They were preventing "negotiators representing three-quarters of the company from doing their job," he said.

● Vauxhall has appointed Mr. Donald Vallance as new plant manager at Ellesmore Port. Mr. George Baker, who became plant manager in 1975, now becomes manager of Vauxhall-Opel liaison activities.

● Ford Motor's strike over pay by its 57,000 manual workers, now in its sixth week, had cost the company £260m up to yesterday. Production of about 67,000 cars had been lost.

UK ready to modify stand on EEC fisheries policy

BY MARGARET VAN HATTEM

LUXEMBOURG, Oct. 30.

FOR THE first time in more than two years of fisheries talks Britain is not insisting on exclusive fishing rights up to 12 miles from shore.

Mr. John Silkin, Minister of Agriculture and Fisheries, today indicated that Britain was ready to make concessions if this would open the way to an agreement on a common fisheries policy.

He said he would consider the "historic rights" of other fishermen in Britain's inshore waters if he were offered an incentive to do so.

The Minister announced the British Government will not implement the last of the four conservationist measures it announced in July and over some of which the EEC Commission has started legal proceedings. The deferred measure concerned the introduction of a 70 mm minimum mesh net for scampi fishing. This had been due to come into effect on Wednesday.

Mr. Silkin also said that Britain would consider relaxing the ban on industrial fishing in the Norway pout box (an area in the North Sea where haddock and whiting breed) and allow fishing in surface waters, if it were established that edible fish, which swim in deeper water, would not be affected.

Mr. Silkin did not commit himself to any of these moves. But members of other national delegations said that, after unofficial talks between Ministers in Germany last week, they believe Britain is at last ready to negotiate a common policy.

The initial breakthrough in the negotiations, which have been stalled since last January, came two weeks ago in Bonn during talks between Mr. Silkin and Herr Josef Ertl, his German counterpart. Both Ministers, with their heads of state, publicly committed themselves to a settlement on fisheries policy before the end of the year.

Last week, EEC Agricultural Ministers met informally in Bavaria and were briefed by Herr Ertl and Mr. Silkin on the progress made in the talks. The EEC Commission is also being kept informed by the Germans, though it is not yet involved in the latest developments.

Mr. Silkin said Britain and Germany had reached an understanding on conservation measures, agreeing in principle that industrial fishing should not be allowed to interfere with stocks of edible fish, and that a working group should be set up to explore future conservation measures.

They also agreed that another working group should look at claims to "historic rights" in British coastal waters which, Mr. Silkin suggested, may be valid for only a small number of claimants and represent a far smaller problem than expected.

He also suggested that the problem over Britain's hitherto rigid demand for preferential rights in the 12-50 mile coastal zone could possibly be settled by plans specifying which vessels could catch what fish over what period and where.

Council seeks more Government aid

BY PAUL TAYLOR

THE ASSOCIATION of Metropolitan Authorities has called on the Government to rethink radically public expenditure priorities.

It wants more central Government funds allocated to local government at the expense of transfer payments, such as social security.

In a report called Priorities for Progress published yesterday, the association attempts a detailed analysis of the latest public expenditure White Paper. It argues that local government could and should make a positive contribution to economic recovery without having a damaging effect on inflation.

Much of the report centres round the key issue of how to reduce unemployment.

Working on the Treasury's economic model, the association claimed that a 10 per cent increase in local government spending, coupled with a similar reduction in the growth of other public sector expenditure, could create up to 250,000 extra jobs. It could also produce a 2.9 per cent growth in Gross Domestic Product compared to the predicted 1.7 per cent growth if there was no change in the planned public sector expenditure allocation.

Since local authority expenditure is currently about £15.2bn a year, a 10 per cent increase would mean a corresponding £1.52bn reduction in the planned growth of other public expenditure.

The report calls for a redistribution of expenditure towards the areas of local government which can create more employment. These areas include education, housing and environmental services.

Councillor A. G. Taylor, chairman of the association which represents local authorities in Greater London and the six other major metropolitan areas, stressed that the association was not asking for more public expenditure, but a "redirection of existing resources."

He said that, while an increasing share of public expenditure is planned on social security payments including unemployment benefit, growth in this area of public expenditure can only be at the expense of "the productive side of public expenditure."

Specifically, the association suggests that there are four main areas of concern in the local authority sector: shortage of skilled manpower; home loans and building for sale; housing, infrastructure and environment improvements; energy conservation and public transport. In these areas Cllr. Taylor said local government could act as a catalyst to encourage economic growth.

He suggested that local authorities would be better able to deal with measures designed to reduce unemployment than central government agencies. If public expenditure was reorganised to provide more funds for local authorities in these key sectors, they would be able to guarantee the use and application of these funds through, for example, capital programmes.

Editorial comment Page 18

Vickers to sell 72% Canadian holding

BY JAMES BARTHOLOMEW

VICKERS, the engineering and office equipment group, is to sell its 72 per cent holding in Canadian Vickers to "certain executives" of the company for C$19½m (£8m).

The executives are to bid C$50 per share for all the Canadian quoted company, valuing it as C$27m (£11.2m). The last trade in the shares before they were suspended on Friday was at C$37 per share.

In London, Vickers was reluctant to give reasons for the disposal. The Canadian subsidiary has suffered two strikes this year, one in May and one this month, both of them lasting about four weeks. But Mr. Bill Foreman, Vickers' finance director, said yesterday that industrial relations were not a big factor in the decision.

"At the end of the day there is always an acceptable price for any investment," he said. Two earlier bid approaches had been made this year but negotiations had broken down. This time they had not.

Canadian Vickers is divided into industrial and marine operations. On the industrial side, it manufactures custom-built heavy engineering equipment, especially components for nuclear power plants. The marine division operates drydocks and ship repair yards.

Last year it made pre-tax profits of C$5.2m on a turnover of C$60.8m. But this year profits have been affected by the strikes and first half profits were down to C$1.1m against C$2.8m in the same period last year.

Continued from Page 1

Dollar

on Friday. It closed in New York at SwFr 1.4705. It closed in London at Y177.05 against the Japanese currency and in New York at Y176.70, compared with Y178.9, and fell through the FFr 4 level to end in London at FFr 3.9950.

The pound hit a peak of $2.1015 during the morning in London, ending at $2.0090 for a gain of 3.6 cents. It lost some ground against the D-Mark and the Swiss franc, however, and its trade-weighted index as calculated by the Bank of England rose less sharply than the dollar rate. After reaching 63.3 in the morning, the index ended at 63.2 compared with 62.9 on Friday.

The weakness of the dollar, which has gained pace during the last few weeks, has brought a quite dramatic fall in its value.

Since the beginning of the month, it has dropped by about 10.8 per cent against the D-Mark, by 7.7 per cent against the Swiss franc and by over 6 per cent against the Japanese yen and the pound.

Stewart Fleming writes from New York: A wave of selling hit Wall Street's stock markets when they opened yesterday.

Trading was so heavy that with 27m shares changing hands the ticker which records transactions was runing 33 minutes late by midday.

In the afternoon, however, signs of bargain hunting among the leading shares of the leading companies which make up the industrial average produced an equally sharp recovery.

The Dow finally closed 5.8 up on the day at 811.85. About 59.5m shares were traded — the third highest daily volume on record.

But broader market indices indicated that in general shares remained under pressure.

At about 3 pm declining issues were still over 1,500 while only 210 issues had shown rises.

The American Stock Exchange index, for example, which measures the performance of a broad range of secondary issues was still registering a fall of almost 5 per cent on the day having fallen 6.34 points to 134.97.

Secondary stocks, the shares of medium-sized companies are being marked down even more sharply than leading issues.

Weather

UK TODAY

DRY and warm with sunny intervals. Some rain.

London, S.E., Cent. S., E. and S.W. England, E. Anglia, E. Midlands, Channel Is.
Cloudy with rain, brighter later. Max. 15C (59F).

W. Midlands, N. and S. Wales, N.W. England, Lake District, Isle of Man, S.W. Scotland, Glasgow, N. Ireland
Dry, sunny intervals. Max. 17C (57F).

Cent. N., N.E. England, Borders, Edinburgh and Dundee.
Dry, sunny intervals. Max. 13C (55F).

Aberdeen, Cent. Highlands, Moray Firth, N.E. and N.W. Scotland, Argyll, Orkney, Shetland
Mostly cloudy, some rain. Max. 12C (54F).

Outlook: Dry and warm, rain in the North.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Amsdm	C	12	54	Luxemb'g	C	8	46
Athens	F	14	57	Madrid	S	17	63
Bahrain	S	35	97	M'chester	S	12	54
Barcelona	S	18	64	Melbourne	C	19	66
Beirut	C	19	66	Milan	S	12	54
Belfast	C	14	57	Montreal	S	6	43
Belgrade	C	11	52	Moscow	F	0	32
Berlin	C	12	54	Munich	C	8	46
Brmghm	C	13	55	Newcastle	F	16	61
Bristol	F	15	59	New York	S	9	49
Brussels	C	12	54	Oslo	F	7	45
Budapest	S	21	70	Paris	S	13	55
B. Aires	S	19	67	Perth	S	21	70
Cairo	S	25	77	Prague	C	9	48
Cardiff	S	14	57	Reykjavik	R	5	41
Chicago	[illegible]	16	61	Rio de J'o	S	25	77
Cologne	C	11	52	Rome	S	18	64
Copnhgn	C	12	54	Singapore	C	26	79
Dublin	C	16	61	Stockholm	R	1	34
Edinbgh	C	15	59	Strasbrg	C	10	50
Frankfurt	C	11	52	Sydney	S	22	72
Geneva	C	8	46	Tehran	S	21	70
Glasgow	C	13	55	Tel Aviv	F	22	72
Helsinki	S	1	34	Tokyo	C	17	63
H. Kong	S	29	84	Toronto	S	-	47
Jo'burg	S	23	73	Vienna	C	12	54
Lisbon	S	19	66	Warsaw	C	10	50
London	C	17	63	Zurich	C	8	46

HOLIDAY RESORTS

Ajaccio	S	19	66	Las Plms	S	25	77
Algiers	F	21	70	Locarno	S	14	57
Biarritz	C	11	52	Majorca	F	20	68
Blackpool	F	14	57	Malaga	S	20	68
Bordeaux	S	14	57	Malta	F	15	59
Boulogne	S	12	54	Nairobi	R	15	59
C. Town	C	17	63	Naples	S	18	64
Corfu	S	19	66	Nice	S	19	66
Dubrovnik	S	13	55	Nicosia	C	20	68
Faro	S	22	72	Oporto	S	15	59
Florence	S	18	64	Rhodes	S	17	63
Funchal	F	21	70	Salzburg	C	8	46
Gibraltar	S	19	66	Tangier	S	21	70
Guernsey	C	12	54	Tenerife	F	21	70
Innsbruck	C	6	43	Tunis	F	19	66
Inverness	C	15	59	Valencia	F	20	68
I. of Man	C	13	55	Venice	S	15	59
Jersey	S	13	55				

Fate of BP pipeline in hands of U.S. voters

BY SUE CAMERON

THE FATE of British Petroleum's $500m (£250m) west coast oil terminal and east-west pipeline project in the U.S. will be decided next week by voters in Long Beach, California. Their verdict could significantly affect the group's profits.

Sohio, BP's U.S. subsidiary, wants to build an oil terminal at Long Beach and a pipeline linking up with the existing trans-continental system. The company's aim is to cut out the cost of sending tankers down through the Panama Canal and then up the East coast. The new pipeline would enable Sohio to send crude oil direct to the central states and to the East coast, and would reduce the price per barrel.

But the scheme's fate will not be known until after the mid term Congressional elections next Tuesday when the people of Long Beach will be asked to vote on whether the locality should lease land to Sohio for the terminal.

If the scheme goes ahead, Sohio could save as much as £100m a year.

Sohio would have to build three new pipeline sections to link up with the present common carrier system. Crude oil could then be shipped from Alaska and sent direct by pipeline from California to Houston, Texas.

Continued from Page 1

Healey pessimistic

offer which the unions calculate is already outside the guidelines.

Negotiators will now attempt to persuade the employers side of the industry's joint national council to improve the offer which the unions say is worth about 7 per cent on earnings. Individual manufacturing companies say the offer can be justified within the guidelines.

Kodak has told union officials that it is not prepared to improve its pay and productivity offer which is within the guidelines.

Negotiators for 200,000 farm workers yesterday rejected a 5 per cent offer.

The local authority employers are among those faced not only with uncertainty over the survival of the 5 per cent policy but also of some important details in the Government's White Paper on pay.

Union negotiators for the council workers, who include dustmen, school meals assistants, road workers and gardeners, demanded a £60 minimum wage in direct defiance of the Government's £44.50 low pay ceiling.

At this level, a straight 5 per cent increase for those on the present £42.50 minimum would take the lowest paid workers above the £44.50. The employers however cannot be certain that the Government will not eventually concede to TUC demands to raise the ceilings.

THE LEX COLUMN

Counting the cost of a weak dollar

Index rise 1.2 to 484.4	
TOP FIVE BANKS IN THE WORLD	
1970	$bn
Bank of America	25.6
Citibank	23.1
Chase Manhattan	22.2
Barclays	15.1
Man. Hanover	12.0
1977	
Bank of America	80.2
Citibank	75.6
Credit Agricole	63.4
Deutsche Bank	58.3
B. Nat. de Paris	52.7

(Assets Less Contra Accounts)
Source: The Banker

If the ... of America does not wat... may soon have to stop ... that it is the biggest ... the non-Communist ... ch has been the slide in ... ar's value over the last ... it could soon be upst... the relatively unknown ... Agricole which specialise... ding to French farmers.

Rough ... tions indicate that in te... dollar balance sheet siz... it Agricole is now rough... par with Citibank and ... r 8 per cent appreciati... French franc against th... could put it in front o... of America. Indeed, the ... decline in the dollar's v... as led to a major resh... of the pecking order o... orld's leading banks over ... st few years. Back in 197... se Manhattan was approxi... three times as large as ... che Bank in dollar terms ... ay, Deutsche Bank is cons... y larger and instead of se... f the world's top ten bank... ng American there are n... ly three—as against four i... rance.

Apart from ... loss of face that accompa... heir decline in the inte... onal league tables, the de... ation of the dollar is h... American banks in other ... In the short term there m... be windfall foreign excha... translation gains but this ... ses the fact that for most ... banks their international ... nues are denominated i... llars while their costs are ... n billed in strong currenci... h as Swiss francs or even ... ing.

More importa... owever, is the impact of th... line in the dollar on banks' ... ital ratios. The dollar has ... ved from DM3.65 to DM1.7... er the last eight years which ... ans that a German bank ca... y do twice as much dollar l... ng on the same capital bas... This has important implica... s for the volume of interna... al lending banks can take o...

The fall of the ... ar is having a fundamental ... act on the structure of oth... financial businesses besides ... nking. It is also leading, for ... stance, to a major transfer ... insurance capital from th... U.S. to Germany, Switze... d and Japan, which has w... implications for rates and p... its.

The reason is that ... realignments are increasin... both the capacity and the de... of hard currency companies ... to write business in North A... rica and other soft currency m... kets like London. The total ... rplus of the Swiss Re ... as risen by about a sixth sinc... 1975 in terms of Swiss francs but in dollars it has almost d... bled. At the same time, the n... er German and Japanese co... panies which are anxious to e... ablish themselves on an inte... tional scale are having to ru... hard to stand still. Over the la... three years, a moderately ... panding German insurer with ... fifth of its business in the U... would have had to increase i... dollar income by half to main... in the same proportion.

Over the ... me period, however, that ... rman company could have w... ten business at a loss of 5 p... cent in dollar terms—and s... l made a profit of about 25 ... r cent provided the premium... were remitted immediately. ... o wonder some insurers are ... oncerned about the rates bei... set by aggressive newcome...

Internatio... l Stores

There is an ... minous ring to the news last ... ght of the resignation of Mr. ... urence Hill, the UK food retai... g chief of BAT Industries, ... the time-honoured reas... of "differences over matters ... future policy." Between Inter... tional Stores in 1972 and Wal... in 1977 BAT ploughed over ... 100m into UK grocery outlets ... In the year to last April Int... national's pre-tax profits wer... just £3m (less than had bee... forecast by Wallis alone fo... calendar 1978) and the last wo... was that the chain had slipp... into the red. The ironic poi... is that one reason for this ... diversification was BAT's "nee..." for UK earnings.

Decca

"I trust," sa... Sir Edward Lewis, yesterday ... choosing his words carefully, "we shall be ... uncontaminated by takeover bidders." Not all of his shareholders may have felt exactly the same way after the displeasure at yesterday's annual ... ing that Decca's results this ... are going to be even worse ... previously expected. Previ... the hope had been that ... might have held so... near the £12.5m of ... Now, a bleak first half ... cated because of the ... of some processes by the ... at the Radar and Navig... panies. Analysts have ... 1978-79 forecasts to the £10½m range which ... the fully taxed pros... on the "A" shares— ... yesterday's ... is something like ...

But it is not ... hopes that ... Decca's share... consumer end c... be under pressu... ing point at D... —electronic wa... the extra ... mystery provid... Secrets Act a... seems that fi... modest naval ... cost £1m—and ... announced a d... of over £50 ... major contrac... then. Decca ... growth area, a... have some di... take among ... activities.

Dawson/B...

Dawson In... John Haggas ... much time in ... decision to re... following the ... Baird's offer ... Friday last. B... companies wou... are unlikely to ... with its 30 p... stake—for the ... least. The latt... in the original ... paid off well: D... is to increase ... while the Daws... is now about 30 ... before the whole ...

In the new cir... may well be that t... will come together ... from Dawson, ra... through a merger un... holding company. ... Haggas' attractions ... been diminished as a ... yesterday's 28 per cent ... in the company's first ... pre-tax profits.

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